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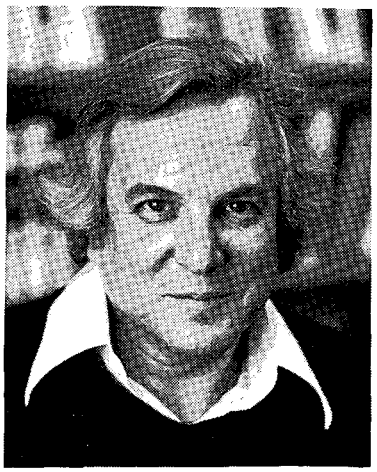

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Self-esteem and the art of being®

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A forum for analysis and commentary, with an emphasis on individual liberty

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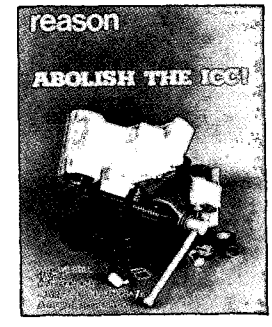

The staggering cost to the consumer from the ICC's grip over the transportation industry is discussed in this month's cover story by Tim Condon. Cover by Phil Groves.

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LETTERS

SUBJECTIVE MIND WARP?

Shame on you! Since it is not funny enough to be a parody or satire, I must assume that you presented the article "Subliminal Mind Warp" [January] in all seriousness. I am really surprised that a magazine of your integrity would let the paranoid maunderings of "Lee Victor" become a cover feature. The article relates the entirely subjective experiences of Mr. Victor, and is supported in the introduction by such "yellow-journalism" tactics as to report that "Officials at the experimental facility denied the story." This sort of statement, presented as it is, is the sort of "double-bind" statement usually found in the likes of *Fate* magazine or the *National Enquirer*. The implication of the denial is supposed to indicate a conspiracy to conceal the facts. The implication is "either admit it or try to conceal the facts from us, we already know what they are."

Why ultrasonics? Nothing in the article supports the contention that ultrasonics were used to modify Mr. Victor's behavior as opposed to, say, psychoactive drugs in the food or in the air, except Mr. Victor's statements that he could "hear" the sounds. Even supposing that ultrasonics *had* really been used, under no circumstances would Victor have been able to hear them. The idea that they would emanate from the end of a coaxial cable is absurd. The hearing of strange voices or sounds is a classic clinical symptom of paranoia, and in this case seems to be a lot more likely explanation of Victor's experiences. For that matter, auditory hallucinations are common with many psychoactive drugs. In general, Mr. Victor's claims to have "heard" the ultrasonic sounds are rather strong evidence against the idea that such sounds were the cause of whatever it was that he experienced.

Another possible explanation for the article occurs to my cynical self: might we expect to see advertisements in the near future for "hand-held ultrasonics detectors," perhaps even manufactured by Mr. Victor's company?

I do not know who edited the article, it was not credited. Did the same person conduct the interview? Such a person does not belong on the staff of a magazine that is somewhat proud of an objective viewpoint. If I may quote: "That makes sense; but why would they need to experiment with such emotions as terror and hostility?" The quote is obviously intended to inspire an emotional reaction: "Aha, the badguys of Government are just doing it to be mean or to develop a weapon." It does not have this kind of force, though, because the question is absurd. Even granting the hypothesis that some government agency has discovered emotion control thru ultrasonic sound, how would they know, for instance, what sounds produced which emotions unless various ones were tried out? Even in a totally well-motivated study, such negative emotions would have to be generated because it would be essential to know exactly the limits of the parameters involved if only to avoid accidental generation of such emotions during later application of the technology. However I may agree that government agencies are seldom well-motivated, the manner of presentation of the position in the article is very poor journalism, including citing Mr. Victor as an authority on such questions as "who" and "why" just (apparently) because he was the victim of a supposed experiment.

Mr. Victor concludes that the whole thing bodes ill because of "the secretive nature of the experiments," which is a classic ploy of conspiracy buffs, even though the main evidence presented for this secrecy is the inability of anyone to come up with any evidence other than his very subjective experiences and some remarks of some other participants in the experiment. I am sure many others will write objecting to this article on technical grounds, and they will mention such things as high-frequency sounds from ventilating systems, etc. I really enjoy REASON, though. Your lapses are excusable so long as they do not reflect changes in policy.

Rev. E. John DeHaven
Wayzata, MN

MR. VICTOR REPLIES: Recent reports, both in the press and in comments from various people, suggest that the high frequency sounds described in my article came not from ultrasonics, but microwaves. Although

(continued on page 8)

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Every month, Bob pinpoints the markets that are reaching turning points, moving into long-term bull or bear cycles. "The first rule of investing," he says, "is to know that everything that goes up must come down. The second: everything that goes down must come up. The third is to know when." Bob's unique analysis shows that markets move in cycles of about 4 years - 2 years in a bear, 2 in a bull. Bob's unique contribution to your investment strategies is to tell when these turns take place.

"There's always *some* market moving into a new bull. The investor who wishes to make conservative, risk-free profits should enter that market at its low, and hold there for a year or two until that market tops out. There are, of course, dozens of other ways to play the cycles. No matter what, no investor should stay in *just* shares, or *just* gold, or *just* copper, or *just* anything. Just as every dog has his day, so every market has its bull - and bear. There are times to buy shares, gold, silver, copper . . . and there are times to sell and move into wool, or orange juice, or some other market. But there is always *some* bull market, *somewhere* in the world."

Certainly, we can't guarantee that Bob's future predictions will be as successful as those he has made in the past, but we can guarantee that you will find his monthly analysis highly stimulating, and his monthly table of all markets *world-wide,* showing, according to his analysis, which way they are heading at the moment, an exceedingly useful investment tool. And you'll find it only in the World Money Analyst.

From the United States, you'll meet Wainwright Dawson whose monthly feature on tactical finance will keep you abreast of ways and means of arranging your world-wide investments to continually keep one step ahead of changing government tax policies, in the forefront of knowledge about new tax havens and the changing benefits of old ones, *plus* Wain's unique analysis of currency trends, of the potential benefits of holding Swiss francs, German marks, of selling sterling short, plus insights into new currencies you've never thought about, like the Hong Kong dollar. (Our favorite after the Swiss franc.)

"I love watching tax havens," says Wain. "It's a beautiful example of how the free market works to overcome government intervention. Every time the US or some other government tries to plug some loophole, ten ways around it are devised. And currencies! Today's crazy world of currencies is not really one of floating but of sinking exchange rates, and it seem to be a race to see which currency sinks fastest first."

Every month, the World Money Analyst calls the currency line-up, analysing past and future trends in the important currencies *to you,* and in those we think you might find it fun to play with.

From India (via England) you'll meet Sudha Shenoy - and understand why economist Murray Rothbard called her "one of the brightest young free market economists around". If you've ever been puzzled as to why England is sinking into the North Sea, why Keynesian economics is fraudulent, why Hong Kong is booming and India isn't, why the western world is heading for a massive currency breakdown, or any other aspect of economics, Sudha's incisive insights and elegant reasoning will enlighten and surprise you every month.

From Hong Kong you'll meet WMA editor Mark Tier whose unusual understanding and experience of how the world works will give you new tools for dealing with it. For two years Mark Published his own hard money newsletter from Canberra, Australia's capital, making it Australia's biggest and most widely respected hard money newsletter. His successful and profitable ways of undercutting government controls have made some of his subscribers exceptionally grateful; his uncanny ability to predict political and economic moves made him no friend of politicians or central bankers.

"Strangest of all," he relates, "was my encounter with the Reserve Bank, which administers Australia's draconian currency exchange regulations. They wished I'd go away, and when they discovered I wouldn't, decided to do something about it. After only *one* meeting, they backed off and I've never been troubled by them since. Governments are made up of little men, and once you realise that, they're easy to handle."

Every month, the World Money Analyst's world-wide network of correspondents analyse the month's important economic news, highlighting the way changing political and economic decisions will influence your investment and business climate. And, every month, our world-wide sources bring you new and exciting profit opportunities, update your knowledge of Swiss and other money centers, and keep you continually informed on the new approaches the market is always developing to new - and old - problems.

BUT WE THINK YOU NEED MORE THAN JUST THAT

So every month we interview a prominent economist, banker, financier, trader or broker, someone with important information you can use; someone with views you should know about. We've just talked to Milton Friedman, James Blanchard, and Murray Rothbard. And coming up in our February issue is an exclusive interview with a "Mr X", a man whose business is smuggling currencies over national boundaries. If you ever wanted to know how it's done, just make sure you see this issue of the World Money Analyst.

"Mr X", who we can't name for obvious reasons, has helped beat exchange controls in England, France, Italy, Australia, Thailand, Malaysia, South Africa, New Zealand, among other countries, and even has clients in the United States. "Though the US doesn't have exchange controls," he says, "some people are looking ahead and taking out insurance. Many more Americans are taking advantage of a scheme of mine where you can move money out of the country - and deduct it from your tax! It's even legal! It's a pity I can't advertise," he adds ruefully, "or I'd be handling billions of dollars, instead of just millions."

And, every month, the World Money Analyst publishes a special in-depth feature, investigating a subject crucial to your investment plans. Like our recent examination of the Cayman Islands, and how the US government's campaign to put tax havens out of business is affecting its status. Or highlighting far-reaching changes affecting the world economy. Like historian Bill Marina's demonstration (in our February issue) of how sustained inflation, by destroying the market's price mechanism, affects the way people make judgements about themselves, about society, and how that leads to a fundamental *social* upheaval. Or, like our coming investigation of the Approaching World Food Crisis: *why* the world's food output is shrinking (despite all the attempts to develop higher-yielding strains of rice, wheat, etc); *why* the underdeveloped countries of the world, mostly food exporters 30 years ago, will become more dependent on the west; *how* this shift in power will affect the world's economy; and *what* this will mean for you.

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There's lots more important, crucial reading for you in these three issues. Bob McGregor tells you why he thinks the new gold bull is here; why he picked August 1976 as the turning point (in August by the way). He'll tell you how he expects the price of gold to move for the next two years, where and when he expects this gold bull market to top out. You'll read about the Cayman Islands, about how the United States is expanding its legal system past its borders in an attempt to dominate the western world, Sudha Shenoy's lament for Olde England, Wainwright Dawson's recommendations on the German mark and the Mexican peso . . . and more . . . Three information-packed issues yours free when you join the newsletter revolution. And twelve more exciting ones to come!

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EDITORIAL

THE NATURAL GAS CHICKENS COME HOME TO ROOST

The winter of 1976-77 has finally made obvious even to politicians the perverse consequences of price controls on natural gas. A spate of unusually mild winters had allowed the problem to be swept under the rug until now, despite a chorus of warnings from free-market economists and your editor (see "The Power Crisis," REASON, February 1971). No more. This winter has witnessed:

- Up to 1.5 million people thrown out of work to conserve scarce natural gas for heating homes and hospitals.
- Natural gas emergencies declared in eight states.
- A 32 percent increase in oil imports over last year, as utilities and factories convert from cheap, clean, unavailable gas to cartel-priced Arab oil. (*Half* of all oil consumed in this country now comes from overseas, thanks to government policies!)

How we got into this mess is obvious to anyone with a smattering of economic literacy. For nearly 23 years interstate pipeline companies have been forbidden to pay producers the free-market price for natural gas. Over the past two years the interstate price ceilings have been raised somewhat, so that "new" gas in January sold for $1.44 per 1000 cu. ft. But since much of the gas being produced is from "old" wells, the *average* price was still only 70 cents—less than one-third the price of an equivalent number of BTUs of oil.

As a result, the amount of gas reserves committed to interstate pipelines has steadily declined, now amounting to only a few percent of onshore gas production. Most gas remains in the state where it is produced, where it can be sold at free-market prices—about $2.00 for 1000 cu. ft. Since natural gas heats half the nation's homes and provides 40 percent of industry's energy, it is no wonder that this winter's sudden increase in demand caused widespread hardship.

The emergency legislation passed by Congress at Jimmy Carter's request will provide some short-term relief. Through July 31 the interstate price ceilings have been lifted to $2.25, and *intra*state pipelines have been granted permission to move gas from one *inter*state pipeline to another without coming under Federal regulation.

But this band-aid legislation does not solve the problem. Two decades of price controls have seriously reduced the amount of money invested in finding and proving new reserves of gas. Proved reserves peaked out a decade ago, and have been dropping nearly every year since then. And as low-cost fields have been exhausted, the cost of bringing in new fields has soared. Wells three miles deep are now becoming common in Texas and Oklahoma. And the odds of finding a "significant" new field continue to decline.

What all of this means, according to the MIT Energy Lab, is that even if we get substantial, permanent deregulation, it will be at least five years until supply and demand come into balance and the gas shortage is eliminated. The emergency deregulation just enacted, if kept in force for the full year, will yield only a five percent increase in supplies this year, due to the length of time it takes to get new fields into production. And if price controls are reinstated on Aug. 1, when the emergency legislation runs out, MIT projects a 40 percent shortage by 1980.

Critics of deregulation trot out all the old cliches about greedy capitalists sitting on huge reserves of gas, awaiting higher prices so they can reap windfall profits. Yet the facts are clearly otherwise. The limited price increases of the past few years have led to a *doubling* of exploratory drilling, but the amounts of new gas found each year have still declined (from 10 trillion cu. ft. found in 1971 to 9.2 trillion in 1975). Total proved reserves are estimated at 225 trillion cu. ft.—only 12 years' consumption at the current rate of use. Estimates of remaining *undiscovered* gas in conventional fields range from 350 to 4000 trillion cu. ft. But the problem is to induce companies to sink the needed capital into the increasingly costly search for this gas, rather than into more profitable investments.

In addition, there are other, as yet untapped, sources of gas. The National Research Council Forum on Potential Resources of Natural Gas, held in January 1976 (see *Science*, Vol. 191, Feb. 13, 1976, p. 549), identified four additional sources of natural gas which could be exploited economically *if prices were at free-market levels.* These are:

- *Methane trapped in coal beds.* Tapping this source before coal mining is begun would increase mine safety and reduce mine operating costs. Techniques to do so have already been proven. Potential reserves: 300 trillion cu. ft.
- *Gas trapped in Devonian shale.* Several techniques have been developed for extracting such gas, but the best of them would require a gas price of $2.00 per 1000 cu. ft. to be profitable. Potential reserves: 494 trillion cu. ft.
- *Gas in tight sands, interspersed with shale.* This gas can be obtained either by explosive or hydraulic fracturing, either one feasible at $2.00 per 1000 cu. ft. Potential reserves: 600 trillion cu. ft.
- *Methane dissolved in water in the geopressurized zone of the Gulf Coast.* Estimates of the amount of gas in this zone vary widely, but the U.S. Geological Survey figure of 48,000 trillion cu. ft. is representative. Only five percent of this may be recoverable—some 2400 trillion cu. ft.

Together these sources could provide an additional 3794 trillion cu. ft.—17 times more than existing proved reserves and equal to the highest estimates of remaining undiscovered gas from conventional sources. Clearly, the gas is there *if* pricing is returned to the free market.

But will it be? That is the key question. For 23 years the Congress has defied logic, common sense, and basic economics. During the past two years, as the crisis warning signs became unmistakable, key Congressional leaders blocked action on deregulation. Four, in particular, must take the lion's share of the blame. Senators Adlai Stevenson (D.-IL) and Henry Jackson (D.-WA), both self-styled energy experts, vociferously opposed the 1975 partial deregulation bill, which nonetheless passed the Senate. In the House it was promptly bottled up in committee by Rep. John Dingell (D.-MI), and there it died. Rep. John Moss (D.-CA) meanwhile held hearings attacking gas producers as monopolists.

Pompous demagogues such as these are directly responsible for putting 1.5 million people out of work this winter. They have callously reaped political mileage by attacking producers, posing all the while as friends of consumers. Now the consumers are out of gas, out of jobs, shivering in their homes, dependent on Arab oil—all thanks to energy "experts" the likes of Henry Jackson.

The solution to the natural gas crisis lies in total, complete, and immediate deregulation. But simple justice demands something more: the immediate recall of those responsible for this winter's suffering. Hooting Stevenson, Jackson, Dingell, and Moss out of Washington should be seen as a key element in solving this country's energy crisis.

ROBERT POOLE, JR.

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ALEXANDER P. PARIS, author of *THE COMING CREDIT COLLAPSE,* Chairman of the Economic Education & Research Forum, and vice president of a major New York Stock Exchange member firm. Mr. Paris is in continual contact with institutional money managers controlling billions of dollars. Mr. Paris will share his investment insights with individual investors for one of the first times at this conference.

The conference will aiso feature other surprise speakers.

Get in on all this educational fun and gourmet dining too, in one of America's most beautiful cities, San Francisco, in May. Space for the conference is strictly limited, so send your reservation today. Full conference registration is $150 per person or $250 per couple. Full payment and reservation must be made no later than April 30. If any space is still available (doubtful), price at the door will be $200 per person.

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LETTERS

(continued from page 4)

Rev. E. John DeHaven doubts the described experiment took place to subliminally affect moods, I would bring the attention of other, more open-minded readers to a November 22, 1976 Associated Press report, which appeared in the *Washington Star* under the headline "Soviets Study Microwaves as Weapon."

The operative passages are: "A newly declassified U.S. Defense Intelligence Agency report says extensive Soviet research into microwaves might lead to methods of causing disoriented human behavior, nerve disorders or even heart attacks. . .

" 'Sounds and possibly even words which appear to be originating intracranially (within the head) can be induced by signal modulation at very low average power densities, the study said. It added that combinations of frequencies and other signal characteristics to produce other neurological effects may be feasible in several years.'

"The report concluded that Soviet research in this area has great potential for development into a system for disorienting or disrupting the behavior patterns of military or diplomatic personnel; it could be used equally as well as an interrogation tool."

I had nothing to gain by writing the article for REASON. On the other hand, I had quite a bit to lose. I stand by the story, and believe that people should be made aware of a potential danger, rather than going about their daily routines convinced that the United States government would never conduct an experiment such as the one I described.—**L.V.**

EDUCATION REFORM

Regarding John E. Bailey III's article and your editorial on voluntary education, both excellent [January], one difficulty we must face in getting the government out of the education business is that, at present and for the near future, public schools are such a large part of the market that just abandoning them is likely to be rather chaotic. Supporters of public schools can and will point to the fact that there isn't nearly enough private supply to meet the demand; that teachers and buildings and textbooks (the necessary capital) would be available won't convince such people.

A step we could take, *now*, toward voluntary education is the voucher system of school financing, advocated for instance by Milton Friedman: the government provides families of school-age children with vouchers good for a certain amount of money when applied toward education, with the amount set at the per-pupil expenditure of the local public schools.

This is not perfect, since it is still tax-supported. It is preferable in that it does not forcibly discourage parents from seeking alternatives to state-run schools. Probably most parents will, at first, send their children to public schools; after all, most people *like* the things. But for the first time private schools will be in a position to compete with the public schools for other than well-to-do students. They will come to take an ever-larger share of the market.

Needless to say, public resistance to education taxes will not decrease.

Dave Lovelace
Ann Arbor, MI

ROTHBARD ON MACBRIDE

All hail Saint Murray (Rothbard), Great Prophet of the Libertarian Church! [January] Blessed is he, the new Isaiah, for he hath shown unto us One with "virtually superhuman stamina," one who is now proclaimed "Paladin of Liberty," our Saviour, Roger the Great.

And thanks be unto John the Baptist Hospers, who made ready the way and now writes his Epistles to the Chosen People.

Thanks and praise be also unto REASON for giving its space for the scriptures of Holy Murray who shows the "snipers and gripers" the way of damnation sure to come unto them now that Roger is amongst us. Those of little faith shall surely burn forever in the Pools of Red Tape in Fedgov.

But Roger shall lead us out of the valley of collectivism, and with the inspired pen of Blessed Murray, we shall live freely and objectively forever and ever, so help us Ayn Rand. Amen.

Vincent A. Drosdik, III
Arlington, VA

KUDOS

My sincere congratulations on your latest two issues [December and January]. They have been a welcome improvement over the removed and often dull abstractions of previous issues. Bill Birmingham's "Quickies" column adds a much-needed note of humor and restrained anger.

It was also a great pleasure to see your February cover by Don Wood. I had missed his superb cartoons from

the *Ozark Mountain Sunbeam and Review of the News.* That you have found each other is the best news this month.

One last note: the layout/design of REASON has greatly improved as well. However, it would be a mercy if you would cease using that unrelieved gothic typeface and went over to optima medium or some other equally readable face.

Thanks for a job well done. Keep working—it shows.

Franklin Sanders
Memphis, TN

BRICKBATS

Who the hell is Bill Birmingham?

If I wanted to read racist, fascist drivel, would I be reading REASON? Isn't Buckley still publishing?

R. S. Radford
Editor, Libsig

MR. BIRMINGHAM REPLIES: To answer Radford's questions in reverse order:

1) Which Buckley does he mean? Reid, Jim, and the ever-prolix Bill Buckley have all published something at least once. If he's thinking of the *National Review,* it is still being published; but by Mr. William A. Rusher, though it should not be scorned on that account.

2) Why not? I want to read *Moby Dick,* but I read REASON, too.

3) Bill Birmingham is, of course, the well-known scholar, editor, polemicist, master of political economy, raconteur and bon vivant. Only a lad of 22 summers, still there's no one can deny that he possesses a biting wit and wisdom beyond his years—plus a heart as big as all outdoors—which is why the discerning editors of REASON chose him to comment on contemporary affairs each month. He is also a bloody genius, who would surely join MENSA except that the standards for admission are, as Mr. Radford evidences, appallingly lax.—**W.F.B.**

WHOSE MORALITY?

H. Joachim Maitre's article, "On Liberty— & License" [December] causes me to doubt that he has any real understanding of the libertarian philosophy, basing my judgment upon a number of his statements.

Perhaps it would behoove Mr. Maitre to go back and give the Statement of Principles of the Libertarian Party a re-reading, since he has done such a fine job of overlooking not only what is implicit within it, but what is explicit.

> "We hold that all individuals have the right to exercise sole dominion over their own lives, and have the right to live in whatever manner they choose . . . ."

If we eliminated the rest of the sentence, it would still be implicit within what I have quoted that if *everyone* has the right to exercise dominion over his own life, then no one has the right to violate the life, liberty, or fruit of the life-work of another. In the light of this, I am amazed that Mr. Maitre can even suggest the idea that Charles Manson is some sort of libertarian. Manson's life is the very antithesis of that ideal.

Again, what does Mr. Maitre mean when he refers to virtue and civility? We libertarians have stated and defined our regard for both within numerous documents, notably, the Platform of the Libertarian Party. We have stated that every person should be civil enough to keep his nose out of the affairs of other people.

Maitre refers to virtue. How will he define it? If he refers to charity, love, compassion, then we have spoken as well to these ideals: we recognize them as essentially volitional, if they are to exist at all. Can the state call forth, by force, such virtues from its subjects? Not on your life. If they are required by force, then what is evidenced is not virtue, but the submission of slaves.

Mr. Maitre speaks repeatedly of morality. What does he mean? Unless each individual defines his own particular morality, the only alternative is some authoritative definition. What libertarians have said is that beyond the prohibition of the use of force and fraud against others, each individual should be free to choose his own morality, or to adopt the morality of some outside authority, so long as he does not seek to impose that system of morality on others. In the name of what morality does Mr. Maitre speak? He has not defined it.

Is liberty an end in itself? Not in my opinion. But liberty *is* a necessary means to an end—the pursuit of happiness as each of us see it. And in that light, a libertarian attitude is most definitely a virtue: the libertarian says in effect, "I ask only to be left alone, and I will pay the same respect to every other person."

Maitre says that Nozick "explicitly allows for the equal propriety of every and all life styles that would, of course, be allowed in the minimal state . . . . Nozick's neglect of calling attention to values other than liberty gives the appearance . . . that no such

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REASON'S COMMENT OF THE MONTH

The letter below, by subscriber Murray Sabrin, appeared in the January 2, 1977 issue of the *New York Times:*

CARTER'S CABINET CHOICES

President-elect Carter's Cabinet selections are, according to Hedrick Smith (news analysis Dec. 24), "neatly balanced." A careful examination of the policies of key Cabinet Secretaries and major advisers demonstrates that Mr. Carter has achieved a balance of Government officials that cemented the "Welfare-Warfare" state in the United States.

In other words, Mr. Carter's foreign policy team, for the most part, planned, initiated and supported the debacle in Southeast Asia, the Vietnam War. On the domestic front, Mr. Carter advisers either endorsed or planned the "Great Society," which expanded the Federal Government's role enormously in economic affairs, with the result that the economy in the 1970's suffers from high inflation and high unemployment.

The American people rejected statism at home and abroad in 1964 by voting for the "peace" candidate, Lyndon Johnson, and in 1968 by voting for Richard Nixon ("I have a plan to end the war"); and in 1972 the public rejected the egalitarian redistributive measures of George McGovern.

But in 1976 Mr. Carter achieved a narrow victory, posing both as an advocate and critic of past Democratic administrations. Only time will, however, if the Carter team will reinstitute the policies of interventionism that will guarantee economic disaster at home–skyrocketing inflation and wage and price controls–and military adventurism abroad.

Murray Sabrin
Bronx, NY

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concern exists." It seems that what Mr. Maitre is really saying is that he objects to the fact that Nozick does not restate certain values with which Mr. Maitre happens to agree. Again, we have made it abundantly clear that beyond the obligation not to infringe the life, liberty, and property of others, every person should be free to determine his own values in life.

He has accused us rather freely of not giving consideration to values. In a world plagued with intolerance, religious bigotry, bureaucrats, tax collectors, busy-bodies, and war, it seems to me that the ultimate value is non-violence–libertarianism. If that is not what libertarianism is all about, I don't know what is. And if Mr. Maitre is incapable of seeing that, then it seems to me that his perceptions are painfully dim.

I can only conclude that deep beneath Mr. Maitre's article lies smoldering a deep (and perhaps by him unidentified) authoritarianism. He makes repeated references to morality without ever defining whether he is refering to Christian, Buddhist, Athenian, American Indian, or any of a thousand other moralities. It is not the purpose of the libertarian movement to impose authority over the human race.

John R. Vernon
Santa Barbara, CA

DISCORD'S NON-PROBLEMS

Regarding George Swan's "Discord in Utopia" [October] and his "Reply" [January], I've a few choice comments. Firstly: most, though indeed not all, of the "problems" fretted over in "Discord" are not problems at all: there are *objective, moral* solutions to *all* the issues raised in the article. This is not to say, however, that these answers have *all* been discovered, proven, or conclusively demonstrated. An obvious example is the issue of abortion. (Perhaps ironically, on this subject, I recommend most highly George Swan's own "State Imperatives*(sic)* and Abortion," in the June issue of *Option*, REASON's Canadian counterpart. Here, Swan presents, via contract theory, a well-organized and cogent (if nevertheless questionable) case *against* abortion.) But for the most part, "Discord" tends to make mountains out of (already solved) molehills. Messrs. Blanchard, Colkitt, and Nash [January] effectively responded to most of "Discord's" dilemmas, and I shan't rehash them here.

Mr. Swan takes Mr. Blanchard to task for his "ambiguity" concerning property rights, and correctly so. I would like to clear up this ambiguity, but first, alas, I must dispatch Swan's resurrection of the hobgoblin of initial ownership. Does the discoverer of a new continent (or the first to land on another planet) *own* the entire continent or planet; or, at least, does he own it "as far as the eye can see"? Certainly not. He could claim ownership only over the surface perimeter of the land which he actually *put to some use and* to the *corresponding* sub-surface land. So much for the question of "how one acquires ownership . . ." Now we come to Mr. Blanchard's ambiguous "certain elevation and depth." How deep do property rights extend? *As deep as praxeologically necessary and appropriate.* If a valuable and marketable substance or entity is discovered, say, 30,000 feet beneath the surface of my property, do I own it? Certainly I do–who else could logically claim ownership? Now, how high should my property rights extend? As high or as far or in any way as is *politically relevent.* I care not about the molecules in "my 'air space' " *per se,* but I certainly *do* care about violations of my *property rights* regarding my physical property, my ears, lungs, etc. For example, suppose a high-flying jet sonic-booms my windows to splinters and causes me temporary deafness to boot. Have my rights been violated? You bet they have! (This is assuming, of course, that I have not contracted with the flyer and/or his company to the effect of disavowing their responsibility in such a case as this.)

While perhaps not *all* "discords in utopia" can be solved by rigorously clarifying and applying property rights, certainly most if not all of *Swan's* "discords" *can* be so solved.

Mark Clayton Phillips
Ft. Worth, TX

SCIENCE FICTION

A comment, to whoever gave it the

(continued on page 14)

QUICKIES

As somebody said in the *Los Angeles Times*, "That's one small step for Gary Gilmore; one giant leap for mankind."

* * *

Lord have mercy on us all . . . the New York *Daily News* claims that ex-Congressthing Bella Abzug wins their poll of 12 possible candidates for Mayor of New York. Abzug says, "I'll have to give the decision to run very serious thought."

* * *

A study by the Brookings Institute reports that the United States has used its armed forces "to influence the behavior of another nation" short of war no less than 215 times since the end of World War II. American strategic nuclear forces were deployed (e.g. put on alert for effect) on 33 occasions. The study also reveals that during the same period the Soviet Union resorted to force 115 times—or barely half as often as the Policeman of the World.

* * *

Reports of the "fall" of Angola have been greatly exaggerated. A year after Congress allegedly handed the country over to the Marxists the National Union for the Total Independence of Angola (UNITA) controls most of the southern half of the country. UNITA has beaten back five major offensives by the government forces and their famous Cuban allies. UNITA's leader, Dr. Jonas Savimbi, claims his forces inflicted 10 times the casualties they suffered and captured huge amounts of enemy weapons. The government is reduced to destroying or forcibly relocating entire villages ("strategic hamlets"? Sound familiar?) in an attempt to cut the guerrillas off from their peasant supporters. Meanwhile, to the north, Holden Roberto's National Front is also stirring. Says one observer, "They're fighting like soldiers now that they know U.S. jets aren't going to come pouring in to aid them." And those 15,000 Cuban soldiers? 3000 are tied down in the Angolan enclave of Cabinda—protecting the operations of Gulf Oil! Cabindan secessionists reportedly fill two 737s a week with Cuban wounded. Supposedly Castro is deducting his Angolan expenses from Cuba's debts to the Soviet Union; which might well be wishing they had a Congress to cut off aid to Angola, as our Congress was kind enough to do for us.

* * *

The House Select Committee on Assassinations may face a budget cut from Congressmen who think that reopening the investigations into the deaths of John F. Kennedy and Martin Luther King will not, really, require $6.5 million a year for maybe two years. But the Committee will need every penny, says its Chief Counsel, if it is to investigate *all* the theories of the two assassinations. (Our theory: JFK was shot by a cuckolded husband.)

* * *

On January 24, transsexual Liz Carmichael, aka Jerry Dean Michael, was convicted of 27 counts of grand theft, three counts of violating corporate securities laws, and one count of conspiracy in connection with peddling the Dale, an alleged economy car of Carmichael's own design. For a while Carmichael frequented California libertarian circles, looking for investors to help build the car and reviling the government regulatory agencies that were supposedly persecuting him/her. No Dales were ever produced, but those who should know (e.g. *Road & Track* magazine) seem to agree that the car could not have performed as specified; the only question being whether Carmichael was a con-person or just incompetent. If either possibility occurred to any libertarian while Carmichael was posturing as Dagny Taggart, nobody spoke up. As it was, gullible investors lost an estimated $250,000 in (get this) the "Twentieth Century Motor Car Corporation."

* * *

What does James T. Lynn, outgoing director of the Office of Management and Budget, think about government "reorganization?" "You can take garbage out of an old can and put it in a new can," says Lynn, "and it will still stink just as much."

* * *

A Conservative Government Is An Organized Hypocrisy Dept: The new government of Sweden, which was supposed to save the nation from the fell hand of socialism, has offered Parliament a record-breaking $30 billion budget. According to wire-service reports, a small proposed cut in the income tax is more than balanced by tax boosts on cars, tobacco, liquor and electricity. A pack of cigarettes will cost 14 cents more, or almost $1.90. Foreign aid goes up 13.5%. Disraeli was right.

* * *

According to our former Ambassador to Chile, the *Soviet Union* "helped destroy Allende." In early 1973, when inflation in Chile topped 300 percent a year, Secretary Brezhnev supposedly told Allende that the Soviets would not bail Chile out, and, as *Newsweek* put it, "urged Allende to make peace with Nixon" . . . and whatever will the Chile-haters make of that?

* * *

Any institution that gets money from the Department of Health, Education, and Welfare (which is just about everybody these days) is not allowed to discriminate against the handicapped if they are "otherwise qualified" for their jobs. Now HEW proposes to define alcoholics, drug addicts, and the mentally-ill as "handicapped." Less than thrilled by the thought of drunken surgeons, junkie teachers, and deranged social workers? HEW swears those visions will never be realized because drunks, junkies, and raving lunatics are not "otherwise qualified." Except, of course, to work for HEW.

* * *

Great Moments in Political Philosophy, No. 3: On January 9, 1977, the *New York Times* refers to "Richard M. Nixon, probably the most ardent free-market advocate of all postwar presidents . . . ."

Bill Birmingham

"The [Ford] Foundation is a creature of capitalism—a statement that I'm sure would be shocking to many professional staff people in the field of philanthropy. It is hard to discern recognition of this fact in anything the Foundation does . . . . I'm just suggesting to the trustees that the system that makes the foundation possible is very probably worth preserving."

—Henry Ford, II
on resigning as a trustee of the Ford Foundation after 33 years.

TRENDS

WEATHER FORECASTS—FOR PROFIT

Forecasting the weather is one of those true "public services" for which the benefits are so diffuse that everyone must pay for it via taxes. At least so runs the prevailing mythology. Disproving it, however, is the rapidly growing field of private weather forecasting.

Most private forecasters are individual radio/television weathermen who have gone into business for themselves. They sell their services, which are more specialized than those of the government's National Weather Service, to a variety of clients. The biggest markets for such information are weather-sensitive businesses, such as offshore oil drillers and growers of all kinds of crops. TV and radio news shows are, of course, another prime market.

One of the country's leading private forecasters is Harry Giese of Coronado, California. Giese began as a broadcast weatherman and currently does 30 programs daily for California and Nevada stations. But his speciality is long-range forecasts for agricultural clients. These range from individual farmers to giant agribusiness firms.

Another private forecaster is Nash Roberts of New Orleans. In operation for 30 years, Roberts' initial breakthrough came when he sold the New Orleans Cotton Exchange on the value of his services. Roberts provides daily cotton crop weather data at 8 A.M., beating out the National Weather Service by two crucial hours. Roberts also does a booming business with Gulf of Mexico clients—oil drilling rigs, flight services, and fishermen. His clients pay from $400 to $2000 per month, depending on the services supplied. Roberts estimates that he saves oilfield clients millions of dollars a year by such means as accurately predicting hurricane paths so that evacuations can be carried out only when necessary.

Next time somebody trots out that old "Only government can . . ." argument, remember Harry Giese and Nash Roberts and their growing number of colleagues.

SOURCES:

- "Forecaster Banks on the Weather," (AP (Coronado), Dec. 15, 1976.
- "Private Weather Forecasters Find Business Growing," UPI (New Orleans), Dec. 8, 1976.

FOURTH AMENDMENT VICTORIES

January brought two major court victories upholding the Fourth Amendment's prohibition on unreasonable searches and seizures. In the first case the U.S. Supreme Court ruled unanimously that IRS agents may not search a taxpayer's private office without a warrant. As part of its ruling the court held that the Fourth Amendment protection applies to corporations as well as to individuals. The decision came in a Utah case in which a leasing company's general manager had been convicted of a Federal offense. The IRS then sought to collect $1.1 million in back taxes from him, and as part of this effort broke into his office and confiscated his furnishings, books, and records. "Unconstitutional!" declared the court. But an assistant to the IRS director told a recent seminar at the University of Southern California that the IRS isn't sure the court's ruling prevents them from *entering* businesses without a warrant "if we don't have to break in." Thus, further vigilance appears warranted.

The other victory came at the U.S. Circuit Court level. A three-judge panel ruled that unannounced OSHA inspections, without search warrants, violate the Fourth Amendment. The decision came in an Idaho case brought by F. G. Barlow, a Pocatello electrical contractor. Barlow refused entry to OSHA inspectors, demanding a search warrant, which the government was unable to obtain since it could not show probable cause to believe any job safety or health violations exist at the plant. The three judges ruled unequivocally that Section 8(a) of the Occupational Safety and Health Act is "unconstitutional and void in that it directly offends against the Fourth Amendment." Further, the OSHA people "are hereby forever and permanently restrained and enjoined" from attempting to enforce Section 8(a). The court's ruling was much stronger than a previous ruling on the warrantless search issue in Texas (see Trends, June 1976). Both OSHA cases are now on appeal to the U.S. Supreme Court. That court's unanimous decision in the IRS case is a hopeful sign that OSHA's inspecting days are numbered.

SOURCES:

- "High Court Tightens IRS Search Rules," UPI (Washington), Jan. 12, 1977.
- "Tax Report," *Wall Street Journal,* Jan. 26, 1977.
- "Search Warrant Needed for Plant Check —Court," *Los Angeles Times,* Jan. 11, 1977.

CAB CHALLENGED

Amidst all the deregulation rhetoric, the Civil Aeronatuics Board has issued a ruling which would cause substantial increases in certain air fares, especially in California and Texas. As a result, the California Public Utilities Commission has taken the CAB to court, in an action supported by the Texas Aeronautics Commission, seven interstate airlines, and various consumer groups.

The CAB action grew out of an investigation to determine whether differences in within-state fares charged by interstate airlines were discriminatory. At present, such airlines base fares for certain state routes on one formula if the ticket is sold as part of an interstate trip and on another basis if it is sold as a within-state trip. The latter formula is governed by state regulation, the former by Federal rules. In December the CAB ruled that such dual pricing is discriminatory and ordered that all within-state fares of Federally regulated airlines must be computed by the CAB formula (except where a lower fare is necessary to meet competition from a local carrier). The effect of the ruling would be to increase many fares in California and Texas; in California individual fares would rise by amounts ranging from nine to 109 percent, with an average increase of about 50 percent.

The California PUC's suit, filed with the U.S. Court of Appeals for the District of Columbia, delayed the Feb. 1 implementation of the CAB ruling. Whether the Court will uphold the CAB's latest blow against consumers remains to be seen.

SOURCES:

- "California Agency Clashes with CAB," *Aviation Week,* Jan. 10, 1977, p. 25.
- "Fare Increases Held Likely on Many In-State Flights," Thomas D. Elias, *Santa Barbara News-Press,* Feb. 2, 1977.

POSTAL SERVICE DEMISE?

While the U.S. Postal Service continues stumbling along, hobbled by obsolete equipment, militant unions, and incredible bureaucracy, private industry is developing communications alternatives that could put the service out of business within 15 years. So concluded two recent studies.

One study was carried out for the Office of Telecommunications Policy by Arthur D. Little, Inc. It examined various ways in which telecommunications might affect society over the next 15 years. One of ADL's scenarios concerns a hypothetical USPS attempt to offer electronic message service—transmitting the content of letters between cities electronically, then delivering a printed copy by conventional hand delivery. The scenario pictures the postal service increasingly undercut by private competitors offering digital funds-transfer and message services, amidst massive legal and regulatory battles. The scenario ends in 1990 with USPS officials meeting to determine whether the service still serves any useful social function.

The other study was done by the National Academy of Science, under USPS sponsorship. Though not quite as pessimistic about USPS's future, the NAS study portrays the service as caught in a bind. On the one hand, "By maintaining the status quo it is unlikely that the Postal Service can be run as a modern, self-sustaining enterprise, without continually raising rates or sacrificing service." But on the other hand, the service is already well behind private industry in research and development on electronic mail service, "possibly foreclosing any opportunities for the Postal Service to move into the field in any meaningful way."

Thus, if technology continues to move faster than bureaucracy (a fairly safe bet), we may well wake up some morning and find that the Postal Service has become obsolete.

SOURCES:

- "Scenario Speculates on USPS Survival," *Computer Decisions,* Nov. 1976, p. 14.
- "Postal Service Urged to Offer Electronic Mail," AP (Washington), Jan. 28, 1977.

MORE LAETRILE PROGRESS

Close on the heels of a Federal appeals court ruling upholding people's right to purchase and use Laetrile in Oklahoma (see Trends, Jan. 1977), a U.S. District Court judge in California has issued a similar ruling. Judge Gordon Thompson, Jr. issued a preliminary injunction against the FDA and the U.S. Customs Service, preventing them from interfering with a San Diego man's importation of Laetrile from Mexico. The man, 74-year-old Ray Carnohan, is suffering from inoperable cancer of the pancreas and was given only 30 months to live as of last December. The judge ruled that to deny Carnohan freedom of choice when there is no other known remedy "would be grossly paternalistic."

Meanwhile, the National Health Federation has learned that Laetrile has for years been on the FDA's list of substances "Generally Recognized as Safe"—the so-called GRAS list. It is listed in the 1976 edition of the *FDA Code Regulations,* Title 21, CFR 121.101(e), and in earlier editions, under its generic name amygdalin—a natural extraction from bitter almond, apricot, or peach kernels. Thus, the FDA's 1963 ban on Laetrile as a dangerous drug is contradicted by its long-term and continuing listing of the substance along with thousands of other safe substances. It can thus be legally marketed either as an "old drug" or as a food. The NHF estimates that some 50,000 Americans are now consuming Laetrile on a regular basis.

SOURCES:

- "Cancer Victim Gets OK on Importing of Laetrile," *Los Angeles Times,* Jan. 22, 1977.
- "Is Laetrile Dangerous? *NHF Newsletter,* Jan. 1977.

GOVERNMENT: HEALTH CARE CULPRIT

Last month's Trends mentioned a report by the outgoing Council on Wage and Price Stability dealing with the rising cost of health care and the government's role therein. A recent interview with the Council's director, William Lilley III, sheds additional light on its one-year study of how government and insurance company policies force up health care costs. According to Lilley the basic reason why health care costs have risen twice as fast as the cost of living is that the normal market mechanisms don't apply to health care.

For one thing, there is no price competition in health care services, as readers of this column are well aware. Two more examples of this lack appeared in the news recently. The Federal Trade Commission in January charged the American Dental Association and several state affiliates with barring advertising, forbidding price competition, and other anticompetitive practices, all backed up by force of law. The commission simultaneously announced an investigation of the entire dental care industry. The FTC has also been studying state bans on price advertising of eyeglasses. FTC representatives recently told a Senate subcommittee of various studies citing up to 350 percent differences in the price of identical glasses, due to lack of competition stemming from state bans on price advertising. All but five states prohibit or restrict such advertising.

The Federal government, too puts upward pressure on health care prices. Lilley calls the Hill-Burton Act subsidies for hospital construction a "criminal waste" at a time of surplus hospital beds. He cites numerous government regulations, many connected with Medicare and Medicaid, that require excess hospitalization and medical testing as a condition of reimbursement. Lilley considers government "a major part of the problem, not part of the solution. Its regulations have added enormous costs; it's questionable whether they've improved the quality of care that much."

Similar thinking is reflected in several other studies. A recent article in *Science* points out, again, the lack of market mechanisms in health care, and notes that the present system "encourages ever-increasing demand for ever-more expensive hospital services." Citing massive cost increases occasioned by Medicare and Medicaid, the authors contend that any further expansion of demand, such as by means of national health insurance, "may prove economically disastrous." They also point out that despite the massive increases in health care spending over the past 20 years, improvements in people's health and mortality have been minimal. Indeed, significant gains in health are likely to be brought about only by increased *preventive* efforts—reduced consumption of tobacco and alcohol, more exercise, a more nutritious diet—that people can do for themselves. This conclusion was stated succinctly in a recent Public Health Service planning document: "... further expansion of the nation's health system is likely to produce only marginal increases in the overall health status of the American people ... the greatest benefits are likely to accrue from efforts to improve the health habits of all Americans and the environment in which they live and work."

The case against national health insurance thus grows stronger with each passing month. Will Congress finally get the message?

SOURCES:

- "Does the Nation Provide Too Much Health Care?" *National Observer,* Jan. 8, 1977.
- "Dental Price Fixing Charged by Commission," AP (Washington), Jan. 14, 1977.
- "Sharp Differences in Eyeglass Prices," *Ibid.,* Feb. 1, 1977.
- "Health Economics and Preventive Care," Marvin M. Kristein, et. al., *Science,* Feb. 4, 1977, p. 457.
- *The Forward Plan for Health, FY 1978-82,* U.S. Public Health Service, GPO, Washington, DC, 1976, p. 69.

BAD NEWS FOR THE FED

The Federal Reserve System is tak-

ing it on the chin these days. In the past five years over 200 banks, with around $10 billion in deposits, have withdrawn from membership in the Fed. Latest to quit were Baybanks Inc. and Multibank Financial Corp., both Massachusetts bank holding companies. The banks cite Fed regulations on reserve requirements, which limit their investment options and reduce their income, as the principal reason for leaving. Over the past 15 years the percentage of all bank deposits held by Federal Reserve members has dropped from 84 to 74, thereby reducing the Fed's control over growth in the money supply.

The Fed's performance at that task has come in for some high-level criticism recently. The subcommittee on domestic monetary policy of the House Banking Committee has released a report charging that over 70 percent of the rise in the cost of living between 1966 and 1975 was due to "excessively rapid money growth." Further, the effects of hyped-up money stock are short-lived, improving things in the short term but producing new bursts of inflation a year or two later. None of this is news to our readers, of course. What *is* noteworthy, though, is that an important Congressional committee is drawing these conclusions and publicizing them. Perhaps such news will strengthen Arthur Burns' will to resist the new Keynesians in Washington.

SOURCES:

- "More Banks Shake Off the Fed Burden" *Business Week,* Jan. 10, 1977.
- "Statistics Point Finger at Fed as Inflation Culprit," *Los Angeles Times,* Jan. 9, 1977.

MILESTONES

- *Blue Laws Bite Dust.* Vermont's laws forcing businesses to remain closed on Sunday have been declared unconstitutional. District Court Judge George Ellison found that the 190-year-old Blue Laws are so riddled with exceptions as to render the intent of the law "irrelevant." "The laws are unconstitutional," Ellison ruled. "They are discriminatory and they deny equal protection under the law." The case challenging the laws was brought by Ludlow Supermarkets, a member of the Independent Grocers' Association. It was unclear at press time whether the ruling would apply statewide or just within Windham County, where the case originated. Similar blue laws have been abolished recently in Connecticut and Massachusetts. (Source: "Vermont's Blue Laws Struck Down," *Burlington Free Press,* Jan. 6, 1977.)
- *Competition in Space.* After a year of hearings, the FCC has finally decided to allow Satellite Business Systems to proceed with development of a major new communications satellite system. SBS is a joint venture of IBM, Comsat General Corp., and Aetna Casualty & Surety Co. The SBS system will utilize rooftop antennas communicating directly with satellites to provide voice, facsimile, and data services (see Trends, June 1976). The system thereby bypasses local telephone service altogether, which led to heavy lobbying by A.T.& T. to have the FCC kill the project. But to no avail. SBS will now join RCA and Western Union as competitors of A.T.& T. in providing private-line satellite service. (Source: "The FCC Lofts a New Satellite Network," *Business Week,* Jan. 31, 1977.) ◻

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

LETTERS

(continued from page 10)

ax: I'm sorry to see John Pierce's Science Fiction column disappear from your pages. I'm not usually a "Letters to the Editor" writer, but being a science fiction reader, I would like to say that Mr. Pierce has guided me towards a number of books that I might otherwise never have discovered. As a footnote to his last column in the September '76 issue, you mention that he may in the future do guest reviews—I hope to see them soon.

James Tietjen
Orlando, FL

RISKS AND REGULATION

I wish to comment on Henry Manne's "Myths of Regulation" [December]. Dr. Manne's statement that there is not "a single valid argument" for regulating private enterprise seems just a bit sweeping. He did not fully explore the difference between short-term and long-term effects. For example, should the government require the testing of all chemicals before being offered for public consumption? In the long run it is true, as Manne says, that the market will correct its mistakes. But in the short run, consumers could die of cancer from ingesting insufficiently tested substances. The consumer is not forced to buy anything, but in fact most of us just have to buy things on trust. This is in itself not necessarily a case for regulation, but the ethical obligations of both industry and government have to be examined more carefully before we can conclude that there is never any valid argument for government regulations.

Fred E. Foldvary
Berkeley, CA

OPEN FORUM NEEDED

I recently attended the Southern Libertarian Conference in Miami. Throughout the proceedings I was beset with a vague sense that a rich diversity of political, social and ethical ideas was not being encouraged. Now this turn of events, this suppression of divergent views, if it were a reality, would be particularly lamentable for libertarians. Libertarians seek to promote a free marketplace, where any and all goods can be openly purveyed without coercion or harassment from authority. But libertarians, unfortunately, may at times fail to apply this same passion for liberty to the world of ideas, for there must be a free marketplace in ideas just as much as there is on in all salable goods and services, and for the same reasons.

The Convention seemed to me to be a gathering of the old faithful who religiously propounded the party line. There seemed to be an ominous intolerance for the views of the opposition, often the more traditional conservatives, particularly for those who would suggest that just perhaps there are valid reasons for maintaining American military strength, even though it does spawn a bureaucracy and allow for possible misuse. At one point, one of the audience who took such a position was asked to examine his feelings to ascertain if he really were a true believer in laissez-faire ideology, for if he were truly amongst this chosen few he had better lean to the party line. Well, he was a true believer, but he also happened to hold a view somewhat divergent from the establishment libertarian who was at the podium.

The Libertarian Party should open wide its deliberative processes to the views of all members, moderates to an-

(continued on page 47)

FUTURE OF FREEDOM

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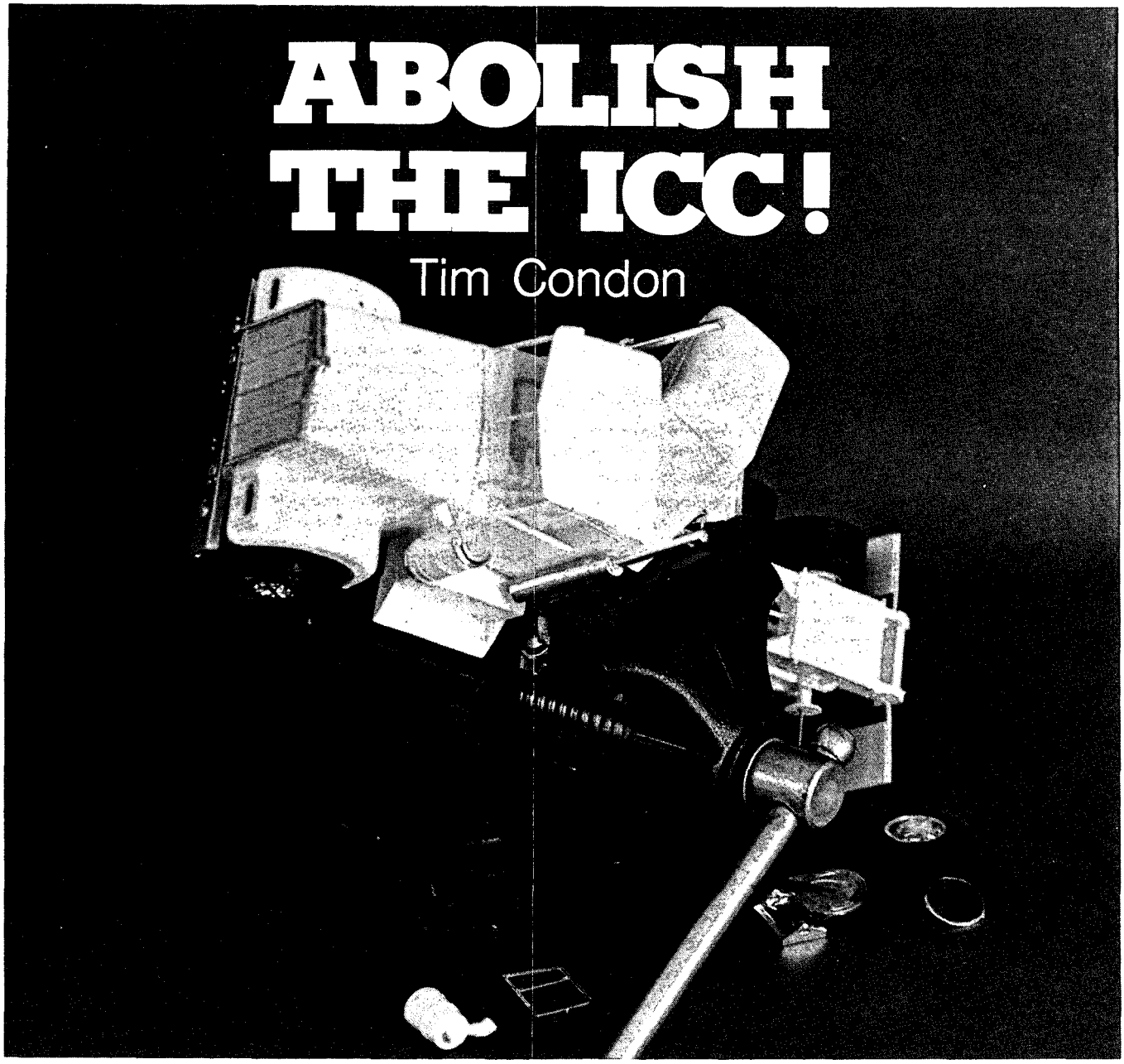
ABOLISH THE ICC!

Tim Condon



In 1892, a mere five years after the creation of the Interstate Commerce Commission, a businessman wrote to Richard Olney, attorney general under President Grover Cleveland in Washington, D.C.: *Dammit,* couldn't something be *done* about those new bureaucrats in that newfangled "agency" that were trying to tell free businessmen how to run their businesses?

The answer that came back from Olney is instructive, as much so today as almost 100 years ago: "It satisfies the popular clamor for a government supervision of railroads, at the same time that that supervision is almost entirely nominal. Further, the older a commission gets to be, the more inclined it will be found to take the business and railroad view of things . . . .It thus becomes a sort of barrier between the railroad corporations and the people, and a sort of protection against hasty and crude legislation hostile to railroad interests. The part of wisdom is not to destroy the commission, but to utilize it."

Well, I'll be damned, the businessman may have thought to himself. Never *thought* of it *that* way.

Indeed, as every libertarian knows, virtually *all* "regulatory" agencies came into being with at least some prodding from business, upset at having to cope with the specter of competition. The businessman entreating Olney for relief was probably one of the last to get the word.

The people in the transportation industry learned their lesson well. The ICC was the very first of the regulatory agencies—though today it is by no means the biggest. It presides over more than 2,000 employees, spread among 78 offices throughout the United States. It operates on a yearly budget of around $34 million. It writes and distributes hundreds upon hundreds of rules, decisions, regulations and findings in the transportation industry yearly. Included in its bureaucratic grasp are all railroads, and parts of trucking, pipeline and interstate water carriers. It acts as a court—judge and jury—in numerous disputes each year, and makes decisions in those disputes which affect each and every American citizen.

And those decisions and directives operate to damage the American con-

sumer in the yearly amount of not mere *millions* of dollars, but to the tune of *billions.* Former Federal Trade Commission chairman Lewis Engman, surprisingly, has said, "I have no way of knowing what the numerous regulatory measures cost the consumer each year. I have seen private estimates indicating that the annual cost in the transportation area alone may exceed $16 billion."

In fact, studies by Professor Thomas Gale Moore of Stanford University indicate that the ICC costs the consumer in excess of $10 billion per year *in direct costs alone*. The long-run costs are at least as staggering: resources are underutilized, "umbrella ratemaking" distorts the market among the various modes of transportation, innovation is stifled (since regulation imposes a bias in favor of existing technology), excessive costs bred by regulation create an incentive for shippers to avoid the use of common carriers, and obsolete services are kept on, often in monopoly positions, because of the ICC's normal regulatory-agency sensitivity to political pressure.

When all such costs are added up in the transportation industry, we find a real monetary burden placed on every American family of about $400 per year. The costs occur even though the ICC exempts many carriers from regulation. Large exemptions were granted by Congress in 1935 and 1940 when trucking and barge traffic were brought under control, the most notable exemption being for haulers of farm products. Thus, we have today what has been called an "incomplete cartel," with all rail traffic under ICC control, about one-third of all truck traffic and one-tenth of all barge traffic. This creates a situation with none of the normal advantages of either total cartelization *or* the free market.

Why is the cost so high for an agency that was allegedly designed to help the consumer? The answer is simple: the ICC, like many of the regulatory agencies, is a cartelizing instrument. And it was meant to be so, from the very beginning.

The impetus for creation of the ICC monster in the late 1800's was the railroad industry, which the ICC was designed to "regulate." In the two decades after the Civil War, young railroads began to burgeon and criss-cross the United States. This was a time of growing industrialization across the land, and rapid expansion of transportation was embodied in the railroads. Because of this hyperactivity there were wide swings in the market: rates were very unstable, giving rise to widespread dissatisfaction with railroad operations among both consumers and railroad management.

The result was the passage in 1887 of the Interstate Commerce Act, which established the Interstate Commerce Commission. The new agency was to set the tone and model for many similar structures which would follow within a century. To many who examine the historical roots of the ICC, it would seem the agency was a logical response to what has been seen as tremendous instability and growing monopoly power. Indeed, it has been pointed out even by advocates of the free market that some of the early railroads *were* monopolies. But the genesis of those monopolies—whether they were caused by the workings of the free market, or governmental interference *in* the free market—is still disputed.

The former chairman of the Council of Economic Advisors, Alan Greenspan, has written: "The western railroads were true monopolies in the textbook sense of the word. They could, and did, behave with an aura of arbitrary power. But that power was not derived from a free market. It stemmed from governmental subsidies and governmental restrictions . . . . To interpret the railroad history of the nineteenth century as 'proof' of the failure of a free market, is a disastrous error."

Inspection of the ICC's history reveals that it was proposed and boosted by railroad interests in the government.

Professor George W. Hilton of the University of California at Los Angeles, another consumer champion and regulatory agency foe, has pointed out that, "As in the case of many statutes enacted beyond the memory of the present generation, there is a common tendency, even among writers hostile to the recent behavior of the [Interstate Commerce] Commission, to assume that the Interstate Commerce Act was an appropriate response to the conditions which brought it forth."

This, however, was not the case. Close inspection of the ICC's historical roots reveals that it was proposed and boosted by railroad interests in the government, notably in the United States Senate. The aim was to legalize, legitimize and enforce existing cartel arrangements among the railroads, which market forces were tearing asunder.

Hilton has point out in the *Journal of Law and Economics* (Vol. 9, Oct. 1966) that, "By the mid-1800's the railroad industry was in a mature state of cartelization, the symptoms of which were intolerable to much of the electorate. It was an industry in which the incentives to collusion were enormous . . . . The pattern was the usual one of cartels; the monopoly gain attracted resources to the industry; newly established firms engaged in aggressive behavior to secure favorable quotas; the percentages of total traffic carried by each railroad fell to levels at which marginal cost was markedly less than price."

But it was not high or low absolute rates that engendered the clamor for "stabilization" and legitimizing of the cartels, but rather the recurrent *instability* of rates. In fact, a number of observers have pointed out that absolute rates in general *fell drastically* from the end of the Civil War through the turn of the century. Thus, the instability of rates came to be too much, for both consumers of transportation services and for those in the industry themselves.

Dan Cordtz succinctly outlined in a *Fortune* article what happened to bring the ICC into existence: "Most of the railroads in the East and MidWest systematically practiced collusive rate making and even pooled traffic and revenue on some routes. These private cartels encouraged proliferation of railroad lines. Then, as the share of the traffic assigned to individual lines dwindled . . . the temptation grew to break out of the cartel.

"Rate wars were common, but to make up losses on service between points where heavy competition existed, railroads charged sharply higher rates to shippers in towns along their routes where they enjoyed a monopoly. This pattern brought about many situations in which short-haul shippers paid more than long-haul shippers over the same route, and engendered violent popluar resentment against the railroads.

"To end the instability, railroad supporters in the Senate proposed a commission with broad discretionary power to enforce the cartels. But the House of Representatives, responding to shippers, preferred merely to out-

law the railroads' abusive practices. The unsatisfactory compromise that emerged in 1887 was a weak ICC. Dozens of amendments over the years strengthened the commission's powers until by 1920 it controlled entry into the industry, exit, capital formation, and minimum rates. Thus the ICC evolved from a body to facilitate private cartels into the operator of a compulsory railroad cartel."

Thus, the origins of the organization which has grown since 1887 to the giant it is today, controlling all or parts of four different types of transportation throughout the nation's system. As it turns out, it was railroad agitation again in the 1930's and 1940's that brought about the still further aggrandizement of the ICC's power, by bringing interstate trucking in 1935 and barge lines in 1940 under ICC control; later, pipeline systems were also brought under ICC authority. The ostensible reason for this agitation was to end "cut-throat competition" among those in the transportation industry. Thus, when the railroads found free market competition uncomfortable within their own shaky cartels of the late 1800's, they called for government control to legitimize their activities and enforce their cartel rules; history repeated itself in the 1930's and 1940's when the railroads again found it necessary to look to the government to bring other troublesome forms of competing transportation into the government-mandated cartel the ICC had become.

Finally, in 1948, Congress exempted transportation cartels from prosecution under the Sherman Act, and placed them under the ICC. This was the Reed-Bulwinkle Act, which finally legalized outright what the Commission had been set up to facilitate in the first place.

In looking back over the historical functions if the ICC, Hilton writes with a gasp when he says, "In the light of nearly 80 years of experience, complaints that the Interstate Commerce Act was an inadequate cartelizing device pale beside the observation that it was a cartelizing device at all. The Act is open to the most hostile criticism that one may lay against any statute: it perpetuated the problem with which it was designed to deal. In retrospect, the railroad problem of the 1880's was a temporary and self-limiting one .... Had Congress done nothing at all, America would have had an ordinarily competitive transportation industry, probably as early as the middle 1930's. The industry would probably have a small number of integrated transportation companies based upon a drastically reduced network of railroads, but offering service also by truck, barge and pipeline."

Today, the ICC keeps rates high and competition stifled by allowing the trucking industry to fix its own rates through the mechanism of "rate bureaus," 148 regional trucking organizations that meet and decide how high or low *all* truckers must charge for their services. The rates thus set are put into effect automatically unless someone takes the time, effort, energy and money to protest to the ICC. Needless to say, trucking firms who are beneficiaries of the artificially high prices have little incentive to protest to the ICC. Result: the trucking industry as a whole has a return of about 15 per cent, twice that of most industries.

The ICC also restricts competition by dictating who may and may not enter the industry (remember the classical definition of "perfect competition"? Totally free entry into and egress from an industry?). In fact, each year hundreds of applications to enter the trucking industry are turned down by the ICC from qualified carriers. Many have done interstate trucking for years by paying a portion of their revenues to the companies which hold the relevant area licenses. The ICC's justification for this is that such policies foster, "a balanced, stable and responsive trucking system."

Had Congress done nothing at all, America would have had an ordinarily competitive transportation industry by the 1930's.

In order to overcome the heavy bias of the ICC bureaucracy, an applicant normally must establish that existing carriers do not have the *capacity* to serve their areas. Such small points as inefficient or overpriced existing service usually are not considered; nor are prospects of faster or better service, or lower costs through the proposed competition.

According to ICC Chairman George Stafford, the aim is to see that existing carriers, "will not have their profits drained by unwarranted or destructive competition." In ironic understatement, transportation specialist attorney Robert Gallagher says that, "The ICC has a disturbing tendency to be protective of the large carriers."

The ICC also specifies what articles or commodities a trucker may carry, what routes he must take, to what points and what stops on the way may be made. Then, "backhauls"—filling the empty truck with some other commodity and carrying it back to the home area—are restricted. This behavior on the part of the ICC has an historical basis: when the ICC took over "regulation" of the industry in 1935, the existing business was highly specialized and fragmented. "Grandfather rights" allowed existing truckers to continue handling whatever business they had specialized in in the past.

Thus, the industry continued to be fragmented and specialized, with the award of hauling certificates continuing to be tightly restricted, often to the point of bureaucratic insanity. Many carriers today may haul only a few specified commodities, between only certain specified points, often with stops specified only at certain points along the way, the haul to be made only in a single direction, over specifically designated roads.

The result of these kinds of restrictions, as found by a Highway Research Board study several years ago, is that only about 52 percent of carriers have full loads in both directions. According to a 1970 Ralph Nader report, entitled *The Interstate Commerce Omission,* regulated common carriers travel about 30 per cent of their miles empty, which is *three times* the amount that unregulated carriers travel empty.

Many other restrictions are outright ludicrous: certificates allowing a trucker to carry only *exposed* film, while unexposed film must be carried by someone else; permission to enter a factory yard by one gate only, while seperate ICC permission must be requested for trucks to enter a gate on the opposite side of the property; permission to carry plastic pipe but not metal pipe; a pizza-making firm's trucks allowed to carry tomato paste to the factory, but not to carry pizzas away when they leave, and so forth.

In addition to such regulations, the ICC burdens the regulated industries with mountains of paperwork. According to a *Business Week* article, "...the nitpicking scale of regulation creates a volume of detail work so great that it virtually guarantees inefficiency. In 1973, the ICC handled 373,215 tariffs requiring agency review, received an average of 3,850 pages of tariff materi-

al each working day, and heard 8,831 formal cases. The commission . . . is trying to make thousands of operating decisions that should be left to management and the market."

Another source of misallocation of resources is "umbrella rate-making," where the ICC orders rates to be set in certain transportation industries so that "excessive competition" will not harm *other modes* of transportation. For instance, some economists charge the ICC with being at least partly responsible for the destruction of the railroad industry in America, by ordering the railroads to keep artificially high rates so as to protect the generally higher-cost trucking industry. According to *Business Week*, "This produces a distorted, inefficient traffic pattern that gives little consideration to the rails' lower unit costs for long-haul traffic."

Given the historical background, it is not surprising that the "regulated" industries fear deregulation. Indeed, at the mention of deregulation, spokesmen for both management and labor fairly scream in horror. George Smathers, who was general counsel for ASTRO ("America's Sound Transportation Review Organization"), a railroad-sponsored lobbying structure, said, "Complete deregulation would be totally chaotic and, in the end, would serve the best interests of no one."

Nor is this the only large and well-funded lobbying organization struggling to maintain the prerogatives of ICC cartelization. The American Trucking Associations, for instance, maintains a full-time Washington staff of 240; the Teamsters Union, the truckers of which profit from the cartelization of the industry, has a staff in Washington of 125. William Bresnahan, chairman of the American Trucking Associations, is on record against deregulation, having said "deregulation would make it tougher for everybody to make a living." He wasn't, apparently, talking about the consumers, who yearly foot the multi-billion dollar charge foisted on them by the ICC.

Responding to increasing pressures on their cartel arrangement, some carriers have proposed "partial deregulation" schemes, shaving a few percentage points here, dropping a 50-year-old meaningless bureaucratic rule there, but generally trying to preserve the cozy, cost-plus fiefdom that has built up around the ICC and the transportation industry. But they are not about to be left off so easily: "The partial deregulation proposed by the carriers, while a selfish goal, would be a step in the right direction," noted Cordtz in his *Fortune* article. "But it would be only a half measure. The problem is greater than the cumbersome procedures of a bureaucracy or the inconsistencies and loopholes of a patch-up law. The problem is regulation itself and the ultimate solution is to get rid of the whole regulatory mess and let the transportation companies take their chances in the marketplace."

Would deregulation bring on chaos? The answer, from several helpful sources and studies, is—of course—a resounding *no*. Several studies have been made that put the lie to such fears. All come to the same conclusion: any amount of deregulation would be to the benefit of the consumer, and total deregulation is needed across the board.

In *Freight Transportation Regulation: Surface Freight and the Interstate Commerce Commission,* a study by Moore completed several years ago, the author concludes there is little need in the 1970's to continue ICC cartelization, if there *ever* was. He draws briefly upon the British and Australian experiences to bolster his assertions, quoting Mr. Stuart Joy, who testified before a congressional committee on the effects of deregulation in both countries. "The end of regulation in 1968 (in Great Britain) has not meant any chaotic burst of price warfare," Joy reported. "As far as we can see, the quantity or the frequency of bankruptcies in the road haulage industry has not changed with the end of regulation." The same result was reported in unregulated Australia.

U.S. trucking rates are 40 to 50 percent higher than in relatively unregulated Britain, Belgium, Sweden, and the Netherlands.

In a more recent report, *Trucking Regulation: Lessons from Europe,* also by Professor Moore and for the American Enterprise Institute, it was found that in regulated West Germany and the United States, trucking rates are 40 to 50 percent higher than in relatively unregulated Britain, Belgium, Sweden and the Netherlands. It was also found that, rather than decreasing service, deregulation allows better and more complete service of consumer needs. Additionally, Moore postulates that rates would drop even more sharply in the United States than in Great Britain, because the rates in America are held at a higher artificial level than they were prior to deregulation in Great Britain.

We may also rely at least partly upon past experience in the United States. In 1956 truck tariffs on shippers of chicken and frozen food were briefly dropped, thus instantly deregulating that portion of the industry. By 1957, the Department of Agriculture found that rates on frozen foods, frozen chicken and fresh chicken had all dropped dramatically: frozen food shipping rates generally declined by 19 per cent, frozen chicken rates dropped by 36 per cent, and fresh chicken shipping rates had fallen by 33 per cent, all in *one year.* And, to add icing to the competitive cake, the Department of Agriculture also found that quality of service had *improved* in that year.

Given all of this, a "deregulation steamroller" does appear to be on the move, and stands fair chance in today's increasingly anti-bureaucratic atmosphere of taking real root and flourishing. Scholars, politicians and crusaders—some from rather odd parts of the political spectrum—are all joining the crusade.

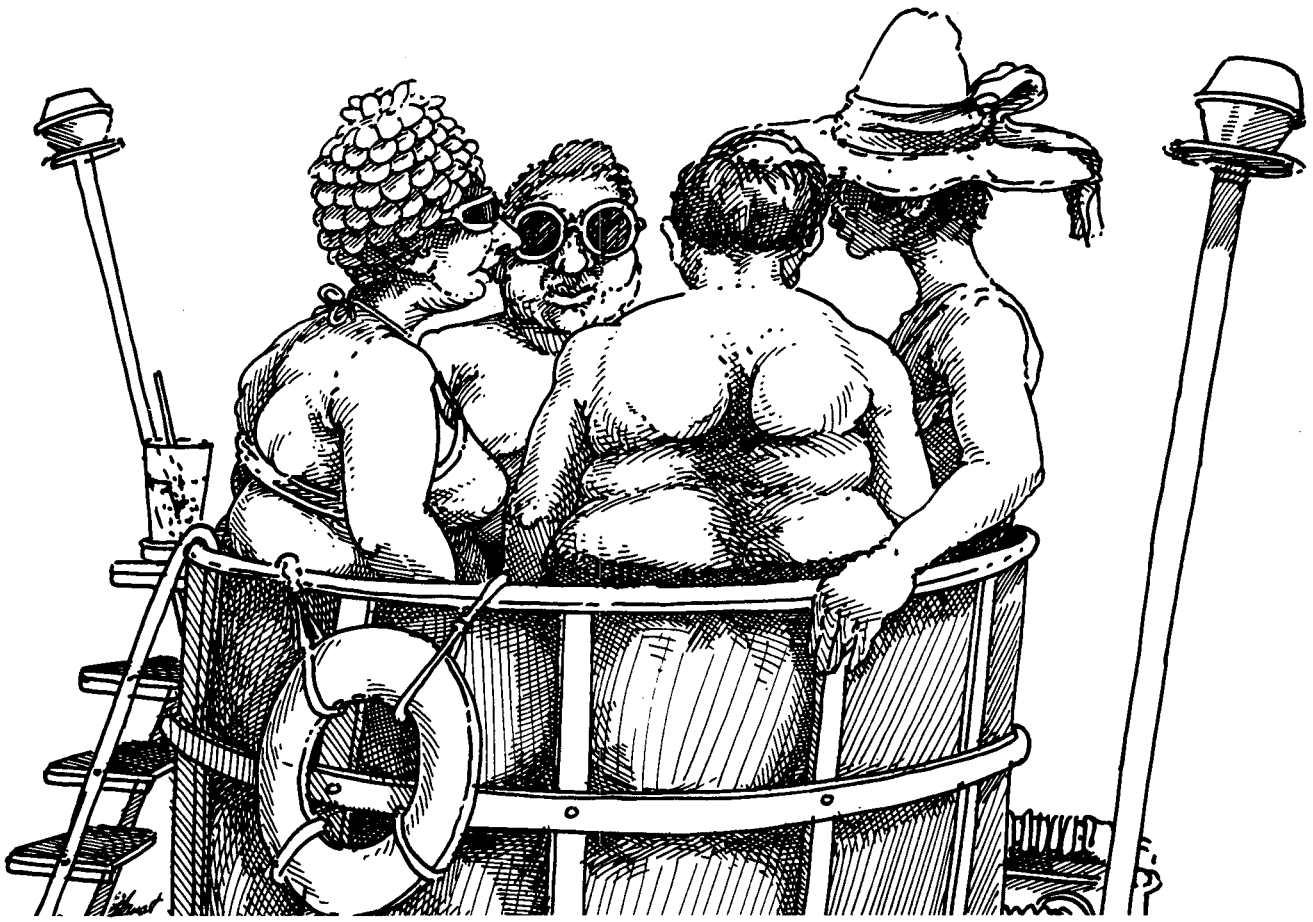
Some steps have already been taken in the anti-bureaucratic crusade. In 1974-75 Senator William Proxmire helped to abolish nine worthless Federal agencies. In 1976 he introduced legislation to abolish 13 more, among them the Interstate Commerce Commission. Senator Proxmire has publicly stated: "There are more whiskers and cobwebs in the ICC than any place in government. The best information we have is that the Commission has become a captive of the transportation industry itself. Instead of regulating transportation to avoid monopoly and increased prices, the ICC has established monopolies, reduced competition and ordered high and uneconomic rates to cover the costs of inefficient producers."

Of the Ford Administration's timid, reformist moves against the regulatory agencies, the proposed bill to partially deregulate trucking was called "the most sweeping." It would have ended antitrust immunity for the trucking cartels, simplified the maze of rules and regulations spouted by the ICC, made entry and egress to the industry easier, and eased restrictions on companies that operate their own trucking

(concluded on page 23)

Buying Off BUREAUCRATS

Abraham H. Kalish



In recent Trends columns, REASON has reported on the great interest being shown in two ideas aimed at cutting back government bureaucracies: Sunset laws and Zero-Based Budgeting. Both propose, in slightly different ways, that government agencies and programs be given strictly limited lifetimes and forced to justify their continued existence. After a flourish of initial optimism, some hard second thoughts are now being expressed about whether these ideas would really produce the desired effect. The vested interest of government employees in preserving their jobs and their well-organized political influence seem to pose significant barriers to meaningful change.

In this context, Abraham Kalish examines the political realities involved in cutting back bureaucracies. A veteran of three decades in Washington, Mr. Kalish offers a controversial proposal for making Sunset laws work. While not necessarily endorsing his proposal, we at REASON feel it merits widespread exposure and discussion. Nobel laureate Milton Friedman recently termed Kalish's plan "highly ingenious." We invite readers' comments and will publish as many as we can in the months ahead.

Perhaps no other American president, on assuming office, has been so obviously on the spot as Jimmy Carter. Reacting to the widespread popular resentment against skyrocketing taxes and prices, and the growing fear of runaway inflation, Carter committed himself, in the heat of his presidential campaign, to balance the Federal budget. He thereby set himself up to resolve a problem that many historians have come to regard as inherent in a democracy. Professor Alexander Tytler, writing almost 200 years ago about Greek society more than 2,000 years before, concluded: "A democracy can only exist until the voters discover they can vote largess out of the Public treasury, with the result that democracy collapses over a loose fiscal policy."

In any case, hardly had Carter been declared the winner, than governors, mayors, representatives of government employees unions and of countless other groups converged upon him—all presenting demands for more and greatly expanded government programs as payment for their pre-election support. The adoption of even a fraction of these programs would not only destroy any chance for budget

balancing, but would practically guarantee our emulating the current economic conditions of England. Further, though these programs are presented as solutions to many social and economic ills, a decade of experience has shown that despite the expenditure of billions of dollars, these programs in most cases merely aggravate the problems they promise to cure.

But most significantly, high government spending means more employees on government payrolls. In 1960, the total employed by Federal, state and local governments was 8.3 million. By 1976, the number had increased to 15 million, an increase three times faster than the growth of the U.S. population. This growth has stimulated the organization of government employees unions whose main interest is to see that current levels of government spending rise. Spearheaded by the 1.8 million member National Education Association, with limitless funds, tens of thousands of volunteers, and a pool of millions of concerned voters, they have helped elect enough U.S. Senators and Representatives to assure Congressional approval for almost any measure they wish.

Under Governor Carter's reorganization, the total number of state employees and executives increased substantially.

An indication of this power came a few days before Congress adjourned for the November election campaign. President Ford had submitted an HEW budget which was half a billion higher than that of the previous year. Congress, responding to the wishes of the government employees unions, added $4 billion, even though HEW still had billions from the previous year which it had been unable to spend. When President Ford vetoed the bill because of its inflationary character, the Senate immediately overrode the veto. The only opposition came from 12 Republicans and three Democrats. In the House, the veto was defeated 312 to 93, by a larger margin than in the original vote.

In the November election, while a few Senate and House candidates used such slogans as "We all [meaning you] will have to tighten our belts," they were in most cases defeated. On the other hand, Democratic candidates in almost all instances ran well ahead of presidential candidate Carter, who during the campaign had said "I would like to have complete authorization to reorganize the executive branch of the government, giving me authority for the elimination of unnecessary agencies and departments."

These are matters which President Carter will have to consider when he tries to balance the budget. He will also be thinking about the concepts of *Sunset legislation* and *Zero-Based Budgeting.* Since the election, these terms have been appearing with increasing frequency in newspaper columns, often with the implication that they contain a magic formula for painlessly solving our economic problems.

Newspaper accounts tell us that when Jimmy Carter was Governor of Georgia in 1973-74, Georgia became the first state in the nation to adopt Zero-Based Budgeting. A year later, Common Cause helped guide through the Colorado legislature the first Sunset law. In 1976, leading members of both political parties introduced into both the U.S. Senate and House a bill which incorporated both ideas. This bill would place almost all government programs on a four-year authorization schedule. At the end of this period, the programs not reauthorized would be terminated.

How effective would a Sunset bill be in cutting down government expenses, balancing the budget and stopping inflation? A former employee of the State of Georgia, writing in the November *Johns Hopkins Magazine,* indicates that the reorganization that took place under Governor Carter was almost completely a paper operation. A number of departments were placed under one head, but the total number of state employees and executives increased substantially. There are already indications that other such moves might wind up the same way. This would be unfortunate because the basic sunset idea is widely accepted and could be the beginning of a worthwhile development.

Advocates of Sunset laws recognize that many current functions of government are unneeded and should be eliminated as a means of cutting down government expenditures. But its primary political weakness is the unanswered question: "What happens to employees of programs to be terminated?" Given current political realities, even a slight suspicion that a bill would lead to the dropping of any government employees would mean its overwhelming rejection by a majority of legislators. At the Congressional hearings on the bill, one of the witnesses suggested "reasonable assurance that employees whose jobs would be eliminated would be offered other public employment." But merely transferring employees to other programs would not cut expenditures. And what agencies are short handed?

Another weakness in the bill is that it lets the administrators assess which programs are not needed. At the Congressional hearings, a top government official warned that assessing some 20,000 programs and activities would lead to an accumulation of paperwork that is mind-boggling, even by Washington standards. To prevent this from happening, it would be much better to have the suggestions for eliminating unneeded jobs come from those who know best the specific jobs that could be eliminated, namely the people working on these jobs. At the very least, employees should be offered the opportunity to take the initiative. This may sound like an impossible dream, but two helpful practices could see it put into effect.

Even a slight suspicion that a Sunset law would lead to dropping government employees would mean its overwhelming rejection.

The first concept is insurance. For generations, the knowledge that they are covered by insurance has given most people confidence that even in an emergency, they will be able to meet the financial crises that result from fire and death. After the bank closings of the 1930's, the idea was extended to bank deposits and home mortgages. Since then, insurance has been used to cover the purchase of automobiles and, through such organizations as the Blue Cross, health. What needs to be added to sunset laws is some form of employment insurance.

The second idea which could be used to stimulate employee initiative originated with Clinton Golden, a former vice president of the Steel Workers Union. In his book, *The Dynamics of*

Industrial Democracy (1942), Golden proposed a method for increasing industrial efficiency through enlisting the cooperation of workers by giving them job assurance plus awards based on the increased productivity that resulted from any ideas they suggested. In many current labor-management contracts, this concept has replaced the former suggestion-box system whereby a worker would receive an award for a good idea, but later, he or some of his fellow workers might be dropped, because their jobs had become unnecessary.

To overcome the powerful yet natural resistance of government employees to Sunset legislation, the bill should incorporate these ideas. It should include a provision that if any jobs were terminated, the employees now holding these jobs would be guaranteed their pay. Further, the Bill should also have a provision that if terminated government employees went into private industry, they would receive a 10 percent bonus on all that they earned there. In this way, a $10,000 a year government employee who transfers to private industry and makes $6,000 in the new job, will receive $4,600 from the government. By this transfer, the government would save $5,400 in salary, plus the incidental costs of office space, supplies. If the former government employee's private earnings reached $10,000, his total income would be $11,000; and the government would save $9,000 plus.

In addition to reducing government expenditures, the transfer of many government employees to the private sector would have a beneficial effect on the entire economy. While much attention is focused daily on the activities of government, the public tends to take our free enterprise system largely for granted, except to blame it for many ills including unemployment.

The facts, however, are that Federal, state and local governments now spend about 44 percent of total National Income, yet employ one-sixth of those gainfully employed. Five-sixths depend for their livelihood on private enterprise which also supplies most of our services and practically all our manufactured goods. Further, our economic history shows that if there is an increased demand for consumer goods, private industry expands rapidly, and hires more people. And increased demand for goods quickly follows the hiring of more people. In short, only private industry can solve the problem of unemployment.

Should the modified Sunset program be adopted, the specific techniques for installing it will, of course, vary. The following scenario merely suggests how an overstaffed school system could be made more efficient. The school superintendent at the request of the city's chief executive draws up an overall position chart; one teacher for every 25 pupils; a principal for each 20 teachers; a superintendent. The superintendent then informs the school employees that those who believe that their jobs are unnecessary should present statements to that effect. If these are accepted, the employees will be guaranteed their salaries plus a 10 percent bonus on whatever they may earn in private industry.

The superintendent will then select from the remaining employees those needed to fill the positions on the chart. He should notify the others that they are being placed on leave of absence with full pay. If these choose to stay home, the government will still save the cost of their work space and supplies. There will also be a four percent payroll saving each year through retirements and deaths. If any employees on leave decide to take a job in private industry, they will of course get the 10 percent on what they earn; and the government will save up to 90 percent on their salaries.

A different scenario could be developed for the U.S. Postal Service which in 1970 was set up as a quasi-independent agency. By 1976 the Postal Service had greatly increased its rates, cut services and run a deficit of $1.7 billion. Some of the Agency's services have been consistent financial losers. These could be leased to private companies. By means of the $1.7 billion which the Government now spends to meet the U.S.P.S. deficit, the current employees would be guaranteed their incomes plus the 10 percent bonus for transferring to private industry. Many of the employees would be quickly absorbed by the new private employers who, by greater efficiency, would be able to cut rates, expand, and perhaps stimulate other private enterprises to expand and hire more workers.

One of the advantages of the proposed program is that once the new, simply-stated payroll formula has been worked into the computer, the program will virtually police itself, and so will not require additional expenditures or personnel to operate. A requirement that employees who have transferred to private industry submit annually a copy of their income tax report would provide a check and a means for making adjustments for income changes that occurred during the year.

Does this mean that government employees who transfer will be guaranteed their income, plus a bonus, until they reach the government retirement age? For a number of reasons, the answer must be an emphatic yes. First, obviously and naturally, no program which did not offer government employees more than they are getting now would be acceptable to them. And unless it is acceptable to them, it would, given current political realities,

ANOTHER REFORM: ZERO-BASED TAXING

In addition to Abraham Kalish's plan to modify the Sunset law concept, REASON recently became aware of another reform proposal. The Zero-Based Budgeting concept, as presently conceived applies only to the *expenditure* side of the budget. As former Council of Economic Advisors chairman Herbert Stein pointed out in *The Wall Street Journal* (January 3, 1977), this omission implies that Zero-Based Budgeting, though it may terminate some old programs, will simply replace them with new ones *because the money is there.* "With the pressure of zero-based budgeting on the existing programs," Stein wrote, "we would find the less successful of them replaced by others that are more attractive only because they have not yet been tried."

Stein's solution to this problem is *zero-based taxing.* "It means that tax rates should expire or fall to zero periodically, forcing the government to make an affirmative decision about the amount of revenue it wishes to collect." Further, Stein notes, since "the money at stake . . . is the taxpayer's money, not,with all due respect, Mr. Carter's," zero-based taxing is a way to preserve the taxpayer's options.

Stein suggests that the zero-based taxing principle be applied only to individual and corporate income taxes, the principal sources of government revenue (apart from the dedicated Social Security taxes). He presented the idea at a Congressional hearing in December and received a partially favorable reaction. REASON commends Zero-Based Taxing to the new administration and Congress.

have no chance of approval by Congress, or by the vast majority of state and local governments.

Secondly, whatever the cost of the guarantee, it would from the very start cost less than continuing to pay for programs and jobs that are not needed. Finally, a gradual, painless transition may be preferable to a meat-axe approach of cutting government expenditures by laying off employees. Separating tens of thousands of heads of families from their means of livelihood would have a chilling effect on businesses and financial institutions dependent on these individuals' ability to keep up their mortgage and automobile payments.

But what if jobs and programs which have been abolished are later replaced? This is the crucial question, for if this happens the whole sunset program will collapse. For, as we have already indicated, any proposal to eliminate government programs and jobs is almost completely dependent for its adoption on the belief of government employees that they will gain thereby not only in the long run but immediately. Only on this basis will they decide to back the program and to cooperate in order to make it a success. This is the fundamental requirement. Hence, the vital importance of strictly adhering to the original position charts. Only by doing so can the desired results be achieved.

The success of the American Constitution derives from the fact that the men who framed it were able to come up with a series of agreements in which those who had special privileges gave them up in return for the establishment of conditions that would benefit the entire country. By backing Sunset legislation, government employees would give up their present powerful position. But by means of the added provisions to the Sunset legislation, they would not only be able to gain immediate financial benefits, but would also pave the way for a healthier economy for everybody.

Given the past history of American business, a plan that cut government expenditures, led to tax cuts, and helped make millions of highly educated workers available, would encourage industry to expand, hire more workers, cut prices and so be better able to compete for wider markets. In this way, the United States would be placed on the road to relief from the twin scourges of ever-expanding bureaucracy and chronically depressed economy. [r]

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ABOLISH THE ICC!

(continued from page 19)

fleets. The American Trucking Associations immediately snorted that, "The trucking industry needs more competition like Custer needed more Indians." And Teamster President Frank Fitzsimmons blasted the proposals in a meeting with Ford Administration officials.

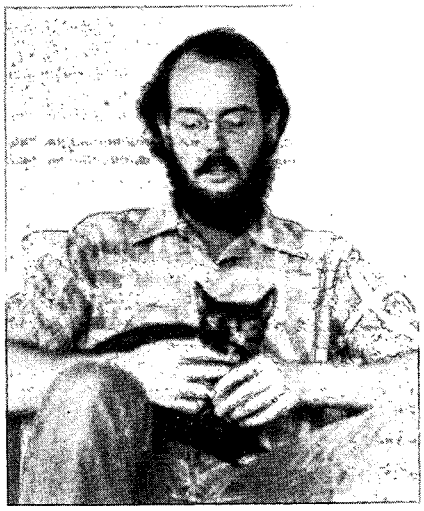
But the big push has begun. In February of 1976 Ford signed into law the railroad portion of the transportation decontrol program. The bill permits railroads to set their own rates without ICC approval. Similar provisions are contained in bills concerning trucking and airlines, pending before Congress. President Carter has made it a priority of his new administration to have at least some kind of regulatory reform, and other politicians, such as Senate Majority Leader Mike Mansfield, have filed bills to abolish the ICC. Mansfield's bill was co-sponsored by eight other senators, both Democrat and Republican.

Nevertheless, as noted by Gerald Ford, "Nothing resists change more stubbornly than a comfortably entrenched bureaucracy, intent upon self-preservation." Former Council of Economic Advisors Chairman Paul McCracken echoes gloomy sentiments: "There is no question that deregulation would give us more efficient transportation and redound to the benefit of the consumer. But the thing that produces action in government is a fairly focused interest group. What you've got on the other side are things that count in the political process—such as the Teamsters Union and the trucking lobbies."

Judging from the gathering momentum of the anti-regulatory agency movement afoot in the country, such facts of life may well be on the way to being overcome. But the bureaucrats and special interests have already responded with partial deregulation "reforms" of their own, designed to minimize damage to their own special prerogatives. Should this form of change—"reform"—take place, it would be a travesty, especially for the American consumer. For changing the bureaucrats around (so we can have "good" regulation), or making minor changes in mountains of rules and regulations (so it will be "easier" to conduct business) are mere palliatives.

The problem with the Interstate Commerce Commission today is that it exists. The unseen damages it daily wreaks upon the consumer and our economic system can be rectified only by its complete abolition. Such calls, to be sure, have been heard in the past, plaintive cries in the dark for the most part.

But *this* time . . . this time—for everyone's sake—it may finally, actually happen. [r]



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WHY WE STILL HAVE A WAR ECONOMY

Bruce Bartlett

I . . . had a purpose now
To lead out many to the Holy Land,
Lest rest and lying still might make
them look
Too near unto my state. Therefore,
my Harry,
Be it thy course, to busy giddy minds
With foreign quarrels; that action,
hence borne out,
May waste the memory of the former
days.

Henry IV, *Act IV*

War is the health of the State.
—Randolph Bourne

Franklin D. Roosevelt was elected President of the United States in 1932 primarily because it was thought that he could end the Great Depression engulfing the country. His plan was to put forth myriads of economic programs known as the New Deal in order to end the stagnation. This effort was largely a failure. Roosevelt himself realized this by 1937 when the economy began to lose all it had gained in his first term and slid back to slightly above where it was when he took office in 1933. The stock market fell nearly 50 percent, from 190.38 in August 1937 to 97.46 in March 1938. Over the same period, the index of industrial production fell by 34.5 percent. This was a recession within a depression!

The President was utterly baffled by the cause of this setback. Secretary of the Treasury Henry Morgenthau even noted in his diary that Roosevelt was calling it a conspiracy by business deliberately to destroy the New Deal. This view was encouraged by the strength of a so-called conservative revolt within his own administration. Usually led by Postmaster General James A. Farley and backed by Vice-President John Nance Garner, Secretary of State Cordell Hull, and Morgenthau, it was further enhanced by Roosevelt's nagging fear that the nation distrusted him and would turn to the Republicans in 1940, who would then dismantle the New Deal. To head off this possibility, desperate measures were needed.

Up until 1937 Roosevelt had been very dubious about budget deficits—he had even campaigned against Herbert Hoover on a balanced-budget platform. But under the force of necessity, the deficits slowly ballooned. In November 1937, however, having become

suspicious of their effect on the economy and looking for a way to satiate conservative critics, Roosevelt agreed to go along with Morgenthau on a budget-balancing plan for the next fiscal year.

Then, in the spring of 1938, Roosevelt suddenly threw out the balancing plan and on April 2 announced a new program calling for large-scale spending based on the economic theories of John Maynard Keynes. He was constrained by the Congress, however, which had not yet seen the light of Keynesian wisdom. Forced to cast about for some legitimate justification for the spending, Roosevelt soon found it in the realm of foreign policy.

At approximately this same time, there was a perceptible change in the basic focus of the Roosevelt Administration. Until then it had largely been occupied with domestic affairs. Now, foreign policy came to the fore. While this was certainly due primarily to changing world conditions, one cannot deny that there was also a political motivation. As Basil Rauch put it in *President Roosevelt from Munich to Pearl Harbor:* "The President effectively checked the growth of opposition by reducing domestic affairs to a secondary position and working for party and national unity on a program of foreign policy."

This shift had been hinted at in the famous "quarantine" speech of October 1937 but was suspended when the public reaction proved hostile. By 1938, however, the situation had changed and Roosevelt also needed a way to justify the vast increase in his budget, which he chose to do through armament spending. The connection was not lost upon commentators at the time. John T. Flynn, for example, writing in the *New Republic* noticed the way in which Roosevelt accompanied his call for new arms expenditures with a large dose of war scare, and he concluded: "We are now to attempt to make a great arms program the basis for our recovery effort instead of depending on consumer-goods production. If there is in this world a more dangerous strategum [*sic*] than this I cannot imagine what it may be."

In spite of the danger, however, the increasing shift to a war economy did seem to be lifting the nation out of its doldrums. Roosevelt, apparently, had perceived this possibility as soon as the first orders from Europe for war materiel began to come through after the rise of Adolf Hitler. As he told Morgenthau: "These foreign orders mean prosperity in this country and we can't elect a Democratic Party unless we get prosperity and these foreign orders are of the greatest inportance . . . . Let's be perfectly frank." Morgenthau could only add, "And he's right!"

Furthermore, Roosevelt noted that the conservative revolt, which had shown such strength in the 1938 congressional elections, began to weaken as the war orders poured in. Once again, Flynn saw the connection. As he put it in his column:

> I find among conservative groups a phenomenon which is worth noting. It is that while there is a growing feeling against the use of deficit financing for recovery or relief purposes, there is a very strong feeling in favor of spending money for national defense, despite the fact that it must be done with borrowed funds.
>
> The object of deficit financing may be twofold. One is to meet the expenditures of the government without resort to taxes. The other is, by the very process of borrowing, to flood the economic system with purchasing power. Up to now the latter reason has been the popular one. And conservative groups have grumbled in their beards. But now the expenditures seem to them desirable in themselves. The conservative element has always been the big army and navy bulwark. It is interested in its property. It lives in fear of attacks from within and without on its possessions.
>
> But, in this case, this works in favor of continued borrowing, which is the thing the President is interested in. If the conservative objectors to deficits do not like the WPA, very well, he will give them what they like—battleships, armies. He will create an industry for them: the armament industry, which henceforth is to become one of the props of our national economy. A short time ago the liberals were trying to invent some reasons for further support of government deficits. But now the President has found one which the tory elements will applaud. It remains to be seen how the liberals will like, under the leadership of their new Messiah, what they have always denounced.

Roosevelt's plan for large-scale spending was constrained by the Congress, which had not yet seen the light of Keynesian wisdom.

In spite of the large deficits and the commitment to Keynesian theories, little happened right away to make the policy seem successful. Keynes himself believed that this was because Roosevelt was too timid in applying his medicine. As late as 1940 Keynes lamented that "it seems politically impossible for a capitalistic democracy to organize expenditure on the scale necessary to make the grand experiment which would prove my case—except in war conditions." This is quite consistent with *The General Theory,* in which Keynes maintained that "pyramid building, earthquakes, even wars may serve to increase wealth."

It is impossible to say, of course, to what extent Roosevelt and his advisors were guided toward war by Keynes's ideas. Nevertheless, it is clear that a fundamental change was taking place in the perception of the relationship between war and the economy. War was no longer seen as a roadblock to recovery, but rather as an encouragement. Though America would probably have entered World War II just as soon without inducement from Keynesian economics, the real significance of the new perception of war and the economy would come afterward.

One must keep clearly in mind the fact that the Great Depression did not really end until 1942, when the United States was completely involved in the war. The almost miraculous transformation of the country from a lethargic giant wallowing in a decade of economic stagnation to the mightiest military and industrial machine on earth—within virtually a matter of months and as a direct result of the war—could not fail to have significance even in the absence of Keynes.

The connection was quite clear to politicians, businessmen, and workers alike: war ended the depression. This was not true, of course, any more than breaking windows increases wealth (to use Frederick Bastiat's famous example). The fact is that many factors entered into play, particularly the government-imposed wage and price controls, which were largely adherred to for patriotic reasons.

Though this feeling that war was now beneficial to the economy was more intuitive than expressed, there was some recognition of the changed attitude toward war, particularly among the masses. One of those who

saw it was E. H. Carr, who wrote in 1942, in his book *Conditions of Peace:*

> While the intellectuals and the well-to-do classes everywhere continued to regard the war of 1914-18 as an unmitigated disaster, large masses of the people learned during the next twenty years to look back on it as a time of secure and profitable employment. In the present war ample employment has been accompanied by the profound and widespread fear—such as hardly existed last time—of a return to unemployment after the war. The association between full employment and war is now fully understood; and the psychological reactions to this understanding are wholly incalculable.

The connection between the war and prosperity was also understood by American policymakers, who realized that the war not only ended the depression but provided a golden opportunity to create a system that would prevent another depression. Almost as soon as the war began, the United States started to use its power to remake the world economic system. "It is none to early," Cordell Hull said in a radio address in 1941, "to lay down at least some of the principles by which policies must be guided at the conclusion of the war, to press for a broad program of world economic reconstruction and to consider tentative plans for the application of those policies." In the case of Great Britain, for example, this meant that the United States would insist that the system of Imperial Preference, which prevented American trade with the British Empire, be abolished before Lend-Lease aid would be sent.

As the end of the war approached, the problem of maintaining wartime prosperity became more acute. As John T. Flynn put it in 1944 in *As We Go Marching:* "The great and glamorous industry is here—the industry of militarism. And when the war is ended the country is going to be asked if it seriously wishes to demobilize an industry that can employ so many men, create so much national income when the nation is faced with the probability of vast unemployment in industry."

The specter of widespread unemployment resulting from the return of veterans and the demobilization of war industries was constantly alluded to as the problem of war-induced prosperity. Roosevelt warned that the cutback in military spending when peace came would throw at least four and a half million people out of work. "Unless steps are taken to cushion the effects of this sharp cut in total spending," he said, "the decline in business activity —in production, incomes and employment—may snowball to alarming proportions."

The urgency of the situation was compounded by dire predictions from labor leaders. The War Manpower Commission estimated that some five million munitions workers would lose their jobs within two months of the defeat of Japan. Sidney Hillman, chairman of the CIO political action committee, further added to the gloom by predicting in August 1945 that over 10 million people would be unemployed by Christmas. This compares with nine million unemployed in 1940 and one million at the height of the war boom.

At this point, the Keynesian economists, who increasingly dominated all economic thinking, came forward with their plans for maintaining employment through continued government spending. Once again the problem was how to justify such spending; once again, as matters developed, international affairs paved the way for adoption of the Keynesian policies. The economists said that there was no economic difference between war spending and other government spending. As long as total deficits were large enough, full employment could be maintained. When the Soviet Union conveniently emerged as the new enemy, the problem was solved. As D. F. Fleming put it in *The Cold War and Its Origins:*

> Every army must have an enemy, if it is to thrive or even survive. Now there was only one possible enemy left in the world, so duty was perfectly plain. The situation was simple, as it had never been before. Of course the clash would come, especially since the new enemy was an upstart, with false ideas and bad practices. . . . Once started, a vicious circle of recriminations would feed on itself. More and more people would condlude that this Russian outfit had to be dealt with.

"It seems politically impossible for a capitalistic democracy to make the grand experiment which would prove my case — except in war conditions." — J. M. Keynes

Consequently, the war industries never had to cut back their production, as they had after previous wars. Nor did the government have to pare down its military force to any great degree. While the number of active soldiers did, of course, decline, the great expense involved in building new weapons for the nuclear age kept defense spending at not far below the wartime level. This was accepted by the public because of the Communist threat and because, as Carr put it, "war is still the only state enterprise which is not subject to the criticism that it is too expensive."

The Keynesian economists, therefore, by denying any economic difference between military and other government spending and insisting that spending had to be kept up in order to head off a postwar depression, gave vital support to the emerging doctrine of a permanent war economy and the cold war. "The war pointed a sharp Keynesian moral," said Keynesian economist Robert Lekachman. "As a public works project, all wars (before the nuclear era) are ideal. Since all war production is sheer economic waste, there is never a danger of producing too much."

This fact was common knowledge among economists and government policymakers in the postwar era—though only intuitively. It was never openly discussed except in reference to the reconversion of war industries. Instead, the permanent war economy, based firmly on Keynesian economic theory, simply adapted itself naturally to the increasingly strained relations between the United States and the Soviet Union. The cold war proved to be the perfect vehicle for maintaining government spending at nearly the wartime level almost infinitely. The extent to which this was realized and accepted can be inferred from a great many discussions of postwar employment problems. For example, in 1948 economist Robert Heilbroner wrote in *Harper's:*

> Real support for the boom lies in the projected expenditures of the Federal government. Armament spending, as now budgeted, will begin to take hold on the economy just as private expenditures are beginning to threaten a decline. Over the year past the cash outlay of the Federal government was

> $38,600,000,000; it will be $43,000,000,000 in the year ahead.... Of course, *if* our government went back to a prewar $8 billion budget, we should suffer the severest depression we have ever known. But that is a political, as well as practical, impossibility..

By 1950 the cold war had escalated into a shooting war in Korea. This further helped to increase government spending at a time when it threatened to slack off. Thus *U.S. News and World Report* confidently predicted that year: "Business won't go to pot so long as war is a threat, so long as every alarm can be used to step up spending—lending for defense at home and for aid abroad. *Cold War is almost a guarantee against a bad depression"* (emphasis added).

The extent to which defense spending was becoming a prop for the American economy was also admitted by veteran liberal Chester Bowles in 1954, when he wrote in the *Reporter:* "One of the first things we must realize is that in the 1930's we never really did find the answer to full employment. Only the defense program in 1940 put our people to work and only the war and the cold war that followed have kept them at work."

The point was further emphasized by controversial sociologist C. Wright Mills in *The Causes of World War Three.*

> Since the end of World War II many in elite circles have felt that economic prosperity in the U.S. is immediately underpinned by the war economy and that desperate economic—and so political—problems might well arise should there be disarmament and genuine peace. Conciliatory gestures by the Russians are followed by stock-market selling.... When unemployment increases and there is a demand that something be done, government spokesmen regularly justify themselves by referring first of all to increases in the money spent and to be spent for war preparations.... Leading corporations now profit from the preparation of war. Insofar as the business elite are aware of their profit interests—and that is their responsible business—they press for a continuation of their sources of profit, which often means a continuation of the preparation for war.

All along, the underlying assumption has been that something drastic would happen to the economy if government spending were ever cut. Conversly, whenever the economy begins to drag a little, the only cure ever considered is to increase spending still more. This spending is increasingly justified through greater defense spending.

The fallacy in all of this involves several distinct factors. In the first place, government spending is not, nor has it ever been, necessary for prosperity. Second, it is naive to think that military spending, as opposed to nonmilitary government spending, has only a benign effect on the economy. Finally, it becomes necessary to justify such spending with the constant threat of war. Eventually this must result in actual war, for the more prepared you are to fight, the more likely it is that a provocation will lead to open conflict.

There is no evidence in either world economic history or American economic history to suggest that government spending is good for the economy. In 1929 Federal government expenditures amounted to only three percent of the gross national product. Then, in the 1930's, it became fashionable to argue that the American economy had matured, or stagnated. It was believed that there would be a perpetual glut of goods on the market, leading to a permanent body of unemployed workers. Many people began taking seriously the notion that the only course left was to divide up the remaining wealth and learn to live at a subsistence level forever.

The almost miraculous transformation of the economy as a direct result of the war could not fail to have significance even in the absence of Keynes.

In this gloomy atmosphere, John Maynard Keynes's theories appeared like a breath of fresh air. He argued that government could get the economy moving by absorbing the surplus and spending it. The only problem being that if the stagnation thesis was true, it would be necessary to maintain government spending at an ever-higher level forever. This is clearly not true and would not be put forth by any competent economist today. For one thing, it completely ignores the serious side-effects of government spending: inflation and loss of liberty through an ever-expanding public sector.

World War II increased government spending spectacularly. The Keynesian economists argued that this explained why the war was able to end the depression. They also argued, however, that the depression was not an isolated problem but part of a long-range process of stagnation. Consequently, they warned that as soon as the war spending ended, the depression would simply start up again where it left off.

The politicians who were in office as the war drew to a close were essentially the same ones who had led the country through the worst years of the depression, that is, the Roosevelt administration. These men were profoundly affected by the experience of the depression and extremely thankful that the war had saved them. Naturally enough, anything seemed preferable to another depression. Yet this is exactly what they were told was inevitable by the Keynesian economists unless government spending was kept at wartime levels.

The fact that the cold war began almost before the last shot of World War II was fired does not mean that it was prearranged to solve the domestic economic crisis. But the state of urgency created by the dire warnings of a new depression could not fail to have an impact. Joseph Stalin, for one, did all he could to increase American fears of a new economic crisis. In 1944 Eric Johnston, head of the U.S. Chamber of Commerce, talked with Stalin about the chances of Soviet-American trade after the war. It was Stalin's opinion that American industry was desperate to get Soviet trade in order to absorb the expected surplus and prevent vast unemployment. While Johnston disagreed, it is interesting to note that in terms of communist theory, Stalin thought he could do more harm to the United States by refusing trade than by accepting it—even when the United States offered to finance such trade to the extent of six billion dollars in credits.

Until the actual breakdown of the wartime alliance between the United States and the Soviet Union in 1947 with the failure of the Moscow Foreign Minister's Conference, the emergence of a crisis over Germany, and the announcement of the Marshall Plan, there was a period of rapid military demobilization. With military spending dropping proportionately, the promotion of foreign trade was

considered critical—even if the United States had to finance it itself. Benjamin V. Cohen, counselor to the State Department, admitted that of America's $15 billion foreign trade in 1946, "six billion dollars of these exports were financed directly or indirectly by loans and grants in aid by the United States Government."

This was simply another aspect of the Keynesian notion that the economy could not survive without government stimulus. The foreign trade idea never worked too well because the Soviet Union would not accept American benevolence and soon succeeded in closing off a large portion of the world behind an "iron curtain," in Churchill's words. Fortunately, as we have seen, the emergence of this new enemy allowed for an alternative way to keep American industry operating through ever-larger spending on defense.

It is only now becoming obvious that this vast spending on maintaining a huge military machine has had serious detrimental effects on the economy quite apart from the inflation and taxation needed to pay for it. For military production is by its nature purely parasitic. It does nothing to increase well-being. Goods and services that could satisfy the wants and needs of millions of people are squandered on increasingly expensive weapons systems that are obsolete before they are even built. This contributes to a serious drain on the research and development capability of the nation as a whole. Contrary to popular belief, very little of the technology developed as a result of military research can ever be translated into useful consumer-goods production. As a result, industries that are almost wholly dependent upon military spending are also almost totally incapable of converting to any other sort of production.

A list of the myriad detrimental effects that a vast military-industrial complex imposes on society could go on and on. There would, for example, be no national debt and no inflation, and the United States would be infinitely wealthier for not having wasted so much of its scarce national resources on production yielding no return. This has all been carefully examined by economists such as Seymour Melman, who has also noted the crucial role played by Keynesian economics in supporting this system. In *The Permanent War Economy* he noted that "among the liberals and those of the political center, war economy is supported as a solid application of Keynesian economic strategy which had not been given a real try by the too timid policies of civilian intervention before 1929."

It is unfortunate that criticism of this system has been so badly distorted by making potential allies into bitter enemies. Left-liberals, antiwar activists, and pacifists naturally tend to oppose the proliferation of the military-industrial complex. Unfortunately, they are under many of the same delusions about government spending as are the Keynesians. Whenever unemployment rises, they are the first to call for public service jobs. When inflation occurs and deficits go up, they are strangely quiet. Business, on the other hand, loudly bewails inflation and debt, saying that it stifles productivity. Businessmen will attack Keynes and pay lip service to free-market economists like F. A. Hayek, but when it comes down to cutting fat out of the defense budget, they too are strangely quiet. John T. Flynn saw this phenomenon in the 1930's, and in the 1960's it was observed by John Kenneth Galbraith in *The New Industrial State.*

> All business objection to public expenditure automatically exempts expenditures for defense or those, as for space exploration, which are held to serve equivalent goals of international policy. It is these expenditures which account for by far the largest part of the increase in Federal expenditure over the past thirty-five years. Accordingly they account for most of the expansion in the role fo the Federal Government in the economy. . . . If a large public sector of the economy, supported by personal and corporate income taxation, is the fulcrum for the regulation of demand, plainly military expenditures are the pivot on which the fulcrum rests. . . . Those who have thought it suspicious of Keynesian fiscal policy have failed to see how precisely it has identified and supported what is essential for that policy.

When the Soviet Union conveniently emerged as the new enemy, the problem of justifying continued government spending was solved.

Virtually no one denies that there is a threat from the Soviet Union, of course, but it is foolish to believe that it is only a one-way street. The United States carries its share of blame for starting the cold war and consistently judging its own actions by one standard and Communist actions by another. This has been shown time and again by competent historians like William Appleman Williams, Lloyd Gardner, and Gabriel Kolko. More recently, the revelations about the FBI, the CIA, and various "dirty tricks" organizations in the government have to make one further question the one-sided view of our "enemy."

Neither does anyone claim that the United States is motivated only by crass economic considerations engineered by a Keynesian conspiracy. What has been shown is that there were lessons drawn from the experience of the Great Depression and World War II, lessons which convinced many people that war brings prosperity. This, in turn, was a teaching of Keynesian economics, which has dominated all economic thinking since the war. The economists who spread dire predictions of stagnation and argued that military spending was good for the economy must share the blame for creation of a permanent war economy.

It is a time-honored practice for political leaders to take their subjects' attention away from their mistakes by encouraging an external threat. Machiavelli, for example, tells us about King Ferdinand of Spain, who "has continually contrived great things, which have kept his subjects' minds uncertain and astonished, and occupied in watching their result." Thus the constant threat of war serves the dual purpose of propping up the economy while disguising its bad effects. It is unfortunate that the idea of pulling the plug on this system is never seriously entertained. The conservatives fear Communist dominaton, while the liberals are firmly wedded to the need for large government spending. This is a terrible disservice to a country that has paid so dearly in depletion of its wealth, destruction of its liberties, and the blood of its sons. ◻

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A TRIBUTE TO HENRY K.

Howard C. Landis

Jimmy Carter has been elected president; Henry Kissinger is, therefore, returning to private life after eight years of public service. I think it only fitting that we give this great man due tribute for what he has done for the world.

The best way to do this is to relate to you a true story of how Henry's policies have brought a just and lasting peace to my hometown.

For years and years, as far back as anybody can remember, there had been disturbances in Universal City. Children, for generations, have fought. Who knows how many eyes have been blackened, how many noses have been bloodied, or how many teeth have been chipped. And then, if you will, ponder for a moment the immeasurable residual effects of these disputes; bruised egos, torn clothing, upset mothers, and angry fathers.

By nature, I am an altruistic (some say meddlesome) person. For this reason, I had been doing my best to stop these nasty disputes for over 40 years. During this time, I had talked to, spanked, and even bribed children in order to make them stop fighting. Until a year ago, I had had no success. It was then that I, in desperation, applied Henry's techniques. Since that time, there had been one minor fight. I again applied one of Henry's techniques, and I am now certain that there will never again be a fight in Universal City. Henry has brought us peace forever.

Allow me to recount just a few of the details. Tom and Jeff were the two boys responsible for most of the fighting. Both were 11 years old, both weighed 90 pounds, and both loved to fight. The cries and screams of their daily battles echoed throughout the neighborhood, and nothing I did would stop the fights.

After one particularly gruesome affair I found Tom nursing a bloody nose, and it was then that I pulled my first Henry:

"Tom," I asked, "Why do you and Jeff fight?"

"Because we hate each other," he replied irritably. "Haven't we been through this before?"

"Tom, if I were to give you an ice pick and two dollars worth of candy, would you promise never again to fight with Jeff?"

"I really think I should have more than that, just in case I have to protect myself."

After minutes and minutes of negotiations, Tom agreed not to fight Jeff for six months in return for a switchblade, $50 in cash, and a case of beer. I then negotiated a similar treaty with Jeff, and stole the required merchandise for the boys. For the next seven months, Universal City was blessed with an unprecedented era of peace and quiet.

This era of peace was broken, only briefly, when Jeff and Tom fought for about two minutes. This short fight ended when Jeff suffered a minor stab wound on his right arm. I immediately pulled my second Henry by rounding the boys up and making another offer:

"Gentlemen, I'll give you both a 20-gauge shotgun if you promise never to fight again."

"We'd kind of like to have a machine gun," Jeff replied.

After nearly 20 minutes of negotiating, I agreed to give each of the boys a "hot" 44 magnum in return for their promise never to fight again.

I'm happy to report that there hasn't been a fight in Universal City since this time, and I'm confident that there will never again be a fight in Universal City. We owe this lasting peace to Dr. Kissinger, and I, for one, will never forget this fact.

My hope and prayer is that others will see the beauty and universal applicability of his techniques. Marriage counselors could use them to reconcile estranged husbands and wives. Parents could use them to ease the relations of pugnacious siblings. Even sports officials could use them to curb the growing violence in certain contact sports. In short, everyone could use Henry's techniques. What could be a better tribute? ☐

Howard C. Landis received his B.S. in accounting from Shippensburg (Pennsylvania) State College in 1974 and is currently in the MBA program at Harvard Business School.

TIMOTHY LEARY'S NEW TRIP:
A REASON INTERVIEW

Jeff Riggenbach

One of the most striking about-faces in recent years has been the re-emergence of Timothy Leary. Released on parole from a California prison, the former guru of LSD and other "mind-expanding" drugs is now apologizing for the harm his former views may have caused and is championing two new causes: life extension and (nongovernmental) space colonization. Viewed with considerable suspicion by the left (on grounds that he allegedly testified against former cohorts to gain his freedom), Leary has turned up in the pages of William Buckley's National Review *and is earning $1600 per evening on the college lecture circuit, pushing "hope, not dope."*

We at REASON were curious to learn more about Leary's changing views and his reflections on a decade of facing the might of the U.S. government. To interview Leary we selected frequent contributor Jeff Riggenbach, book reviewer and commentator for Los Angeles radio station KFWB. Riggenbach reports:

"When I received the interview assignment, I didn't expect to find myself interviewing a libertarian or even a person whose comments might be of interest to libertarians. In the 1960's Leary had argued for State control of drugs while fighting two marijuana convictions of his own—he was, then, no consistent advocate of freedom. In the 1970's, rumor had it he'd turned State's witness against friends in drug cases, had even made anti-drug propaganda films to facilitate his early release from prison—clearly, he was willing to limit others' freedom in order to expand his own.

"But as I prepared for the encounter with Leary, reading through his magazine interviews and articles of the past 10 years, and later, as I talked with him, I began stumbling over indications the 55- year-old "acid prophet" might be something of a libertarian after all: an unmistakably Thomas Szaszian approach to certain social issues (though Szasz has dismissed Leary [*Libertarian Review,* December 1974, p. 7] as "another megalomaniacal destroyer, or would-be destroyer, of mankind"); a view of the State which might as plausibly have been articulated by a student of Murray Rothbard or Albert Jay Nock; a deeply personal commitment to individual self-realization.

"In certain of his answers, though, as in certain of his published remarks, Leary confirmed my earlier suspicion of his inconsistency—though Leary would not call it inconsistency; he'd call it thinking on many levels. A way out of the difficulty might be to say that Leary is a man much more interested in creative, lateral thought than in developmental, vertical, "logical" thought. He speaks softly but with enormous energy and rapidity as if hoping vainly to overtake his mind, a part of which is always racing ahead, taking conceptual risks, trying out new metaphors, trying not so much for clarity as for insight, for sudden understanding, while his voice skips along behind, hanging the first words that come to hand on the outthrust spines of ideas strewn like tumbleweeds by a storm.

"A man with a storm in his head and blue lightning in his eyes. The sort of man some call a visionary and others call an irresponsible intellectual charlatan. I had come to see justice in both views by the time we were ready to open the microphones and start the tape machine. The news angle on Leary was that he was out—out on parole in California after serving 32 months on a state conviction for possession of less than half an ounce of marijuana—out of the Federal pen on a personal bond while appealing his conviction and 30 year sentence on Federal charges of "smuggling" less than half an ounce of marijuana into Laredo, Texas. I asked Leary about his imprisonment, and about one of those areas of apparent inconsistency—the drug laws."

REASON: You told an interviewer 10 years ago you considered the Federal marijuana laws "clearly in violation of several amendments to the Constitution," including the Eighth, which forbids cruel and unusual punishment. Since 1966 the Federal marijuana laws haven't changed, but you've been punished for violating them. Do you feel cruelly and unusually punished, singled out for harsh treatment out of all reasonable proportion to your "crime"?

LEARY: I spent four years in 29 jails and prisons on four continents—all this for being in a car where someone else had, without my knowledge, less than half an ounce of marijuana. I wouldn't say my treatment was cruel, but I would say very unusual. The general strategy of almost every social group that I'm involved in is to try to keep me quiet or to keep my broadcasts muted. This happened in Algeria, where they said "Well, Professor, we'll give you a position at the University of Iran but please don't talk out." They said that at Harvard; they offered me

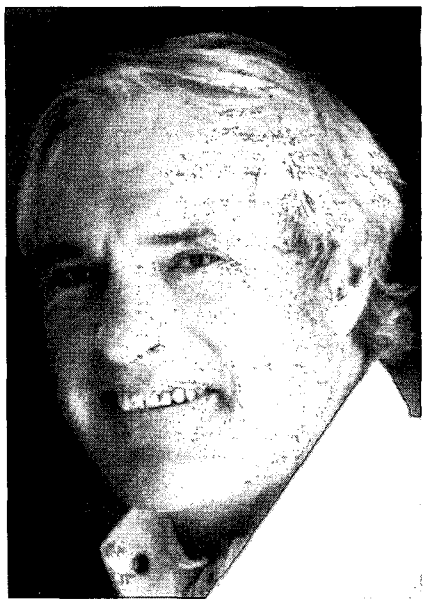

Photo by Rita Lauria

tenure three times if I would just kind of quiet down a bit. Throughout the prison experience I was kept in solitary confinement over half the time, and there was always the tendency to move me around to keep me from staying too long in one place where I would get to know too many people. I don't consider this cruel, I consider this an accurate tactic on the part of the people who are trying to silence me. And far from being bitter about it, I take this sort of opposition for granted. In football, naturally, the defense is going to red-dog and crash the line and try to block your passes. I saw what they were doing and adjusted to that defensive maneuver.

REASON: So you hold the view that what has happened to you at the hands of the legal system is purely and simply a response on the part of the authorities to your unpopular and controversial opinions?

LEARY: It's a predictable response and a correct one. Despite the separate and distinct images the public has of me, ranging to all extremes—political, philosophic, criminal and so forth—I'm basically a philosopher. That's my profession. I've got a union card—I'm not a self-appointed philosopher—called Ph.D. When Joanna [Leary's estranged wife] and I were kidnapped in Afghanistan by Federal authorities—and by that I mean that they illegally took our passports away and escorted us to a waiting airplane where there was a battalion of Afghanistani troops lined up at present-arms—when we got on the plane, the American police authority who was bringing us back to America handed us little green cards which allowed us one-way passage back to the United States, and where it said "occupation" was typed in—and this is the U.S. Justice Department—Philosopher.

Now then, I've justified my credentials as a philosopher, and I'd like to say a word about the profession of philosophy. It's not well understood in a brawling, frontier country like America. In Europe, the role of the philosopher in society is recognized as being extremely important. In a couple of words, the philosopher's task is to get up in the morning like everybody else, shave, have breakfast, and go to work, trying to figure out what's happening to the human race, where we've come from and where we're going. The particular function of the philosopher is to come up with new ideas about the past and the future. And these ideas, if they're any good, have got to be controversial. I've said many times: if a young man grows up and wants to be a baseball player, if he's fairly good, he gets to the minor leagues, if he's really good, he gets to the major leagues, if he's fantastic, he gets into the Cooperstown Hall of Fame. If you're a philosopher and you're good, it's inevitable that you end up in prison, or close to prison, or in exile. I can ask any of your readers to review the scientists and philosophers throughout history who have really produced new ideas, who have expanded the perspectives of our species, and almost everyone of them not only spent a lot of time in prison, but did his or her best writing or thinking from the prison cell. So, far from being resentful, regretful, or angry about the opposition to my ideas, I take it as a fantastic endorsement and flattery of the possibility that my ideas and my philosophic notions are creating ripples, vibrations, stirring things up, getting people to think in new ways. That's what I wanted.

REASON: You've been accused of buying your way out of trouble by turning your former friends in to the narcs. *Playboy* ran a full-length article [September 1975] consisting of little else but such accusations. *High Times* ran a brief item [Fall 1974] under the headline "Timothy Leary: Psychedelic Stool Pigeon." Is there any truth to these charges?

LEARY: No there's no truth to those accusations. You know, I find this rather amusing. People say, "Yeah, he's only done four years. If they let him out after only four years he must have cooperated with the government." But sure, we cooperate with the government, and I'd like to clarify that issue, too. Joanna and I are not criminals and we're not law enforcement people. We intend in the future to have nothing to do with either side of that polarity. We are law-abiding people. We intend to cooperate with the government of the United States, *definitely*—underline that. After many years of observing the political situation, and four years in prison, where you really see how the politics of a country goes because a prison is the best place to understand the general social climate, we've come to the conclusion that it's all gangs that control countries, states, blocs, and so forth. It's all like the Mafia. The best gang in the world, the most powerful and the most enlightened gangster group that's controlling territory, is the U.S. government. They give you more freedom,

more latitude and longitude, and we're very pleased and proud to say that we're going to deal with them. That doesn't mean we agree with them. It doesn't mean we follow all the ins and outs of policy. But basically, it's their turf. We're glad to be on their turf, and we'll pay them the respect any gang leader demands.

REASON: Suppose a gang leader came to you and said, "Unless you let us know for sure whether A, B, and C, who, we know, are past associates of yours, have been recently trafficking in LSD or psilocybin, we'll make more trouble for you." Would you be inclined to answer their questions truthfully?

LEARY: Exactly that situation came up in the weeks before my release from prison. A lot of government agencies came around and wanted to find out, well, what's this guy going to do when he gets out there? And of course they're always asking if you will cooperate. And they asked me exactly that question. I said absolutely not, that any place we go in American society, 90 percent of the people we meet are going to be smoking grass, sniffing cocaine, and so forth and absolutely not. On the other hand, if we see any great threat of violence and if crooks come after us and steal from us, yeah, we're going to cooperate with the law. But we're *not* going to concern ourselves with helping law enforcement that way.

By the way, I want to say that we have no interest in drugs and the politics of drugs. Right now, drugs are big business. There's a two billion, three billion dollar grass industry in this country. You know, it's all consumerism, and while we saw it happen and we're mildly interested that it's going on, we have no active interest in it whatsoever, nor do we have any interest in the politics of drugs.

REASON: You said a moment ago almost in passing that you thought a prison was the best place to study the political organization or political system of a country. Will you elaborate on that?

LEARY: The basis of all politics is control, control of territory, status, power; and the ultimate power is to kill or to imprison, so that the prison situation is the essence laboratory where you see how the government uses its power to restrict and control the people that it doesn't want free. Who do they put in prison? In Russia, there are many more political dissidents in prison than there are in this country. But here we have a lot of cultural dissidents . . . do you know what I'm speaking of?

REASON: Of non-conformists, bohemians, radicals, victimless criminals? People who take drugs the authorities don't want them to take?

LEARY: That's what I had in mind.

REASON: That phrase, "people who take drugs the authorities don't want them to take," is adapted from the writings of Thomas Szasz, the radical psychiatrist, whose approach to social issues often seems similar to your own. Your argument in a recent issue of *National Review* [April 16, 1976], for example, that Patty Hearst, William Calley, Charles Manson, Daniel Berrigan and Huey Newton are scapegoats in a "ceremony of hunting sinners, publicly trying them, and assigning retribution" resembles the idea of "ritual persecution of drugs, addicts and pushers" which underlies Szasz's *Ceremonial Chemistry.* You yourself have called the criminalization of LSD "another war on heresy" [in the *News-letter* of the Association of Humanistic Psychology, April, 1976]. Does your agreement with Szasz extend to his most unorthodox opinions about drugs—that there is no such thing as drug addiction and ought to be no such thing as drug laws?

The best gang in the world, the most powerful and most enlightened gangster group that's controlling territory, is the U.S. government.

LEARY: Yes. I've known Thomas Szasz for many years. As a matter of fact, I invited him to come to Harvard; that's the first time he ever came there when he was at Syracuse, to give a lecture. I've been an admirer and a supporter of his ideas for about 15 years. And I totally agree with the statements that you just relayed from him about the essentially inhumane nature of the drug laws.

REASON: Szasz identifies himself politically as a libertarian. Would you follow him there?

LEARY: Yes. I think concepts such as "control," "freedom," "liberty" exist at many levels, and at the political level, yes, I've very much a libertarian.

REASON: Yet ten years ago you told *Playboy* that marijuana and LSD should be "put under some form of licensing where responsible, serious-minded people could purchase these chemicals" so that "manufacture could be supervised and the sales could be both regulated and taxed" and a "healthy and profitable situation would result for all involved." Have you changed your mind?

LEARY: No. Remember my answer to your question about libertarianism: that these concepts exist at many levels. Another way to say this is that the time dimension throws any public issue into a different perspective. At a short range you might take one position. In a 10-year range you might take another and over a 20-year period, you might . . . but you see that your opinion would depend upon what time frame you worked in. Now to go back to the question about authority and liberty. We believe that the current insectoid socialization which is going on in every country throughout the world —in China and in Russia most flamboyantly, but certainly in this country as well—is a necessary stage. It's alarming. The State is taking the place of the family. The nuclear family is being wiped out in some of these countries, and it's the omnipresent Central Committee of the Party that is becoming the new central force. We think this is necessary because centralized authoritarian countries are the only systems that can produce the scientific energy breakthroughs in their competitions with each other that are needed to further the evolutionary process of the human race.

I don't know if you're familiar with Thomas Pynchon's book, *Gravity's Rainbow,* which is not only the best book that has been written in the last 10 years but I think answers some of these political questions very clearly. He points out, for example, that World War I had no political meaning. I mean, why was Russia on one side and Germany on the other and the Archduke that got shot the catalyst? The real meaning politically of World War II was atomic energy versus radar versus submarines versus biochemistry. And World War III, which started the day after World War II ended—with Russia becoming our enemy, just like magnetic filings which suddenly take on new positions as the charges change —World War III is all about Sputnik, space travel, satellites, that sort of thing. I'm coming back to your question. We're very impatient with the low level of most of these discussions that go on in our magazines, newspapers, and even in books. If you

understand where the human race is going, then a lot of the problems like the drug laws you see as inevitable, minor, little dislocations over a process that is quite perfect and is definitely, precisely going somewhere that we can anticipate.

REASON: What would you say to an individual who said "My own life is the only aspect of the human race and where it's going that I care about and these 'inevitable little adjustments' are destroying my life during the only years I have to live it"?

LEARY: Well, number one, we would say "Don't put any limit on your life." Science now can assure us within five years of an extended lifespan leading to immortality. There's no reason why anyone should die, no reason why anyone should have to grasp onto his Buddhist, Hindu flayback, it's-my-life-here-now-and I'm-just-going-to-enjoy-it philosophy. Underlying that is the philosophy that we're going no place, that life is short and brutish and we're going to be dead soon, so why not enjoy it? This is the hedonic fallout of the 1960's, which was wonderful and certainly was an important step forward, but certainly is no solution. Come on, wake-up, you can be twice as smart, you can think three times as fast, you can live five times as long, and talk about enjoyment and pleasure, you haven't even started to learn how to use your nervous system and your body and this incredible energy system. And if you don't see energy waves coming, if you don't understand what evolution is all about and what it's going to do to the human race, not only are you in danger of getting wiped out suddenly, but number two you're losing the thrill and joy of being part of the most exciting thing that's ever going to happen. That is biological, neurological evolution.

REASON: You talk at times as though the individual can choose and should choose to be part of evolution. At other times you talk as though the individual is powerless in the face of evolution—or, perhaps in the face of evolution's opponents. You've accused Bob Dylan of spreading nihilism among the young—and more. In *National Review* you wrote, "Squeaky Fromme stands in a Sacramento courtroom and, for believing exactly what Dylan told her in the Sixties, . . . is led off to life imprisonment because she was unlucky enough to have owned a record player in her vulnerable adolescence." If "there's no reason anyone should have to grasp onto" the kind of negative thinking you believe Dylan represents, what sense does it make to say Squeaky was led to life imprisonment by being unlucky enough to hear a Dylan record?

LEARY: The brainwashing agencies in our society are very pervasive and prevalent. Even radio and television, and I would now include the record industry, are part of this brainwashing process. Every kid, every child, when he or she is born, is a helpless infant in a kind of solitary confinement until mother comes in the dark and turns on the light and brings the bottle or brings the breast. If mother becomes the first person to bring food and warmth, then mother becomes the center of the first brain imprint. Then as the little baby gets older, he or she begins to understand something about territory—can't go here, who's bigger, who's taller, who's got bigger muscles, who can push you around. Another brainwashing occurs at this time, and models of power and models of emotional strategies are adopted or rejected. The third stage is when the child gets to be the age where he can understand symbols and begins to imprint or adopt certain mental styles, certain sacred words and certain bad words. The fourth stage is when the child gets to puberty and his sexual brain kicks into operation. And then sexual models, seductive styles, the boy-girl calls and dances, the current tribal hairstyles, the teenage language . . . this is a fourth brain which is brainwashed.

If you understand where the human race is going, then a lot of problems like the drug laws you see as inevitable, minor little dislocations.

Now in saying that Dylan was brainwashing people—unconsciously, he didn't know what he was doing—I was talking specifically about adolescents who at the time when they were ready to make their social, sexual identifications, and at a time historically when everyone was taking drugs, which again makes the nervous system much more vulnerable and susceptible to what the input is, a Dylan came along with these philosophic and emotional ideas which, I think, are extremely negative. He was the fourth stage at a very crucial stage of a brainwashing process that every kid went through who came into puberty in the 1960's.

REASON: But wouldn't it have been necessary for all the rest of the surrounding cultural atmosphere to be just like Dylan or very similar to Dylan for Dylan's message to have "taken" on these adolescent children who were listening to him?

LEARY: Excellent; that's exactly the point. And I think I said in that *National Review* article that Dylan was laying down the 2,000 year-old Judeo-Christian trip that life is suffering, and it's a bad trip and, word for word, it's the same old trip, Bob, masochism, and whining and suffering and it's all over now baby blue.

REASON: But with such cultural optimists as Timothy Leary around *was* that the only input children were receiving at that time in history? Is it maybe a bit of an exaggeration to say Squeaky Fromme went to life imprisonment because she happened to have a record player at a tender age?

LEARY: Well, sure that's a metaphor. And anytime I use a metaphor, it's a risky operation. Metaphors are like forward passes. Anytime I say anything in terms of symbols I expect I'm wrong half the time, or wait long enough and I'll be right, or if you're right now you'll be wrong or left tomorrow—maybe left. So I won't defend that metaphor. But it got you thinking.

REASON: It certainly did.

LEARY: And I see ideas not as heavy, static concepts, but as electric charges and if someone can prove me wrong I'm the first one to be delighted because that means some signal I sent out got whacked back and jolted me. That's what I want you to do.

REASON: Let's talk briefly about ways of sending out signals. The print media were conspicuous for their absence, a moment ago, from your list of brainwashing agencies. Do you consider them incorruptible for some reason, or do you consider them merely out of date? No longer influential?

LEARY: We've come to the conclusion that almost everybody is basically illiterate. In the Middle Ages there was only one literate person in a thousand, a monk poring over manuscripts. Nowadays, sure, people can expose themselves to words, but it is a very passive, consumerite, almost narcotic process which has nothing to do with reading, with literacy. Literacy is getting into an active relationship with a book, like

the Gutenberg Bible. That wasn't something that you'd read while you were falling asleep. It was something you'd really expect to change your life. You'd expect to get into a dynamic exchange with the author, to have the book really open you up and move your head around. This is the way we define literacy. And that's why we say, perhaps provocatively, that maybe *less* than one person in a thousand today uses this ancient Medieval mode. While I was in prison I wrote seven books, five of which Joanna published because, again, we think the book publishing industry is part of the monolithic brainwashing bureaucracy and we're rather proud that we generated a signal and packaged the message and sent it out in our own kind of private network.

The most recent book is called *What Does WoMan Want?* The word "woman" is spelled capital "W" "o" capital "M" "a" "n". And we're suggesting this as a kind of semantic trip that might help us in understanding the crucial male/female relationship. If we began using fusion words that remind us that there doesn't have to be an alienated polarity here, but something that can be hooked up and connected like elements of the molecules to generate much more energy.

What Does WoMan Want? Of course you've got to read the book, if you can read, to get the detailed answer. But in one sentence, the answer is: WoMan wants everything. And he or she is through with artificial limits that can exist only in the mind and which can be gracefully and tenderly but effectively be opened up to new possibilities of living a long, long time, because she wants time, and being able to go off this planet to meet many other possibilities.

What Does WoMan Want? is called science-"faction," not "fiction." There are many reasons for that. One is that the life Joanna and I lead is science fiction. We're science fiction addicts: we read anything we can get hold of. And our lives over the last 10 years have been just as far out as any science fiction. Like that one episode—a battalion of Afghanistani soldiers *armed* to take *us* to an airplane. Why? For two joints of marijuana? And it's been happening day after day after day. "Science faction" means we define ourselves as "potential extraterrestials," visiting this planet. We are not UFO people or anything like that. We are human beings who are about to evolve to what we call a post-human or post-threshold state. The book starts with our lives, and one aspect of *What Does WoMan Want?* is about our own lives, but then it takes off and it takes the readers step by step into evolutionary terrain, so that suddenly they begin to think about leaving the planet and suddenly they begin thinking about extending their life spans so they can live a long time and suddenly they begin thinking about expanding their intelligence so that they can open up many new dimensions of their brains. And step by step in a series of books of which *What Does WoMan Want?* is the first, we're going to take those few people who can read out there on this step by step adventure in which suddenly if they want to they can become involved in our plans for space migration and evolution and extending broadcasting of evolutionary ideas.

REASON: What are some of these ideas? You said earlier we're passing through an evolutionary phase in which undesirable limitations on personal freedom are necessary. In preparation for what?

LEARY: I don't think they are undesirable. I think that the greatest limitations on our freedom are simply challenges to our strength. And if you're going to be a mutant and if you're going to come up with new ideas, you've got to be challenged. It's in the interest in the protection of the species that they throw the book at us and that they try to stop us every way possible, because we're playing around with genetic forces. We're arguing here, we're discussing, the future of the human race, and mutants should be treated with tremendous suspicion. Because the mutation has got to prove its excellence and its quality and its strength and its courage and its beauty or it doesn't deserve to have more than a footnote in dinosaur archaelogy books.

At the political level I'm very much a libertarian.

REASON: Will the mutants prove themselves?

LEARY: Well, we believe that the evolutionary process has been totally worked out. That the same process is going on in this planet after 2-1/2 billion years of the evolution of nervous systems which is going on in millions of other planets. That in perhaps a hundred other planets like ours, Joanna, Timothy, and REASON are sitting in front of microphones discussing what's the status of the evolutionary process on this planet. And that the minor little dislocations and obstacles are simply tests of our courage and strength. And I don't think that's optimism; I think that's realism.

We often use the metaphor—and it's a tricky one—of the catepillar and the butterfly. Inside every caterpillar is a butterfly, ready at the right time to come out. To be quite scientific about it, the genetic code for building butterfly wings and butterfly nervous systems, and butterfly eyes, and those beautiful butterfly colors is inside the body, and inside the nervous system, presumably, of the caterpillar, just waiting for the evolutionary process which is called metamorphosis—and it's a key process in nature, in genetics —metamorphosis, jumping from one stage to another. And suddenly the caterpillars begin changing and becoming butterflies.

And do you know the story about what the four caterpillars said when they turned on the radio program and they looked up and saw a butterfly flying by? "Well," one of them said, "you'll never get me up in one of those." And the conservative one said, "Well, it's illegal and dangerous." And the religious one said, "Well, if God had wanted caterpillars to fly, he would have given us wings," and so on.

So to come back to your question of specifically what vision we see: number one, we are going to leave this planet; we are definitely going to leave this planet. We've got the escape velocity. Any scientist will tell you that the technology and the economics are there. It's cheaper to live in a space colony than to buy a condominium in Palm Springs or Palm Beach. And the only thing that is holding us back from the necessary neurological escape velocity is simply neuropolitics. We are centering our lives on leaving the planet, not as astronauts doing an acrobatic NASA trip, although we revere and respect the astronauts, they're very good people and really contribute a good deal to the evolution of our race, but as husbands and wives and families. It's 1491, 1492, and we've just discovered that we can do it. The physical risks in leaving the planet, living in space, are much less than the risks joyfully and gladfully taken by the pilgrim fathers who came over here or those first fellows who crossed from east to the west 100 years ago. And that's very concrete, practical and specific. The great enemy is gravity. The way out is levity. And we are physically and biologically going to do everything we can to leave this planet and we're going to live forever . . . or die trying. ☐

Tibor R. Machan

IN DEFENSE OF PHILOSOPHY

What reason on earth could anyone have for defending philosophy? Or any other perfectly sensible field of human inquiry? Only fools blame fields of study for the bad performances of scholars and students.

Unfortunately many people of good will pick up on themes propagated by quacks, and so the view that the legal profession itself produced Watergate, medicine itself leads to sickness, or philosophy as such leads to stupid philosophical systems persists in many circles.

On July 23, 1976, the *Wall Street Journal* published the following "Notable & Quotable" from remarks made by Prince Philip, Duke of Edinburgh, on ABC-TV's "Issues and Answers":

> I suspect that one of the great problems is that people see themselves as either technologists or, for the sake of argument, intellectuals. I think the danger is that one begins to suspect the other. I think the technologists tend to suspect the intellectuals, who are always playing with words and generally criticizing and rationalizing and arguing.
>
> The intellectuals look at the technologists as merely spanner-wielding grease monkeys who haven't got a solid bone, who have no cultural aspirations, no social conscience at all. I think this is nonsense, this division—all people have got a social conscience or are capable of having it. All people have the capacity to be intelligent and to enjoy cultural activities. Until we recognize we are all on the same side and that we need the same qualities in people, whether they are technologists or intellectuals, it is only when they begin to work together, that we are going to get some kind of rational balance between development, conservation and preservation.

I share Prince Philip's concern, and the points I make below, part of the introductory chapter of my new textbook on philosophy, should clarify the issue on which he found it necessary to remark.

A persistent obstacle to taking an interest in philosophy arises from the widely held belief that the sciences are the only areas of inquiry in which reliable knowledge can be produced—the reliability being due to the *methods* of science. Many think that in the humanities—arts, philosophy, law—one cannot gain firm understanding of anything. Many freshmen come to colleges and universities with the belief that science is the only road to truth and in all other fields one opinion is as sound as any other. This impression may develop in high school years, when a somewhat naive view of the sciences prevails and many treat the humanities like a huge rap session, or may arise from a somewhat lopsided view of technology. Most people tend to give full credit for technological achievements to the hard, physical sciences, whereas in fact technological progress is due to a combination of many aspects of human life, including politics, law, education, art, commerce, and philosophy. Lack of appreciation for this has led many to assume that only science—and no other field—can yield knowledge and understanding.

In general it is a simplification, if not an outright mistake, to think that every science uses the same method of inquiry and that in other areas of life nothing like the scientific method can be employed and thus the results must be inadequate. This view is itself the result of a philosophical theory that has been prominent during the last hundred years. It emerged from the doctrine that all knowledge must be achieved by relying exclusively on sensory input. In the physical sciences such reliance is considerable. It is then often accepted that only in these sciences is knowledge obtainable. This view has led to much controversy in all other fields, and many of the social sciences have adjusted so as to accommodate this standard of being sci-

entific by ignoring anything not strictly physical in human and social affairs.

Before a person commits himself to one view of the relationship between philosophy and other fields of inquiry, he should take a look at philosophy itself and examine what various philosophical theories have to say about that relationship. It is in philosophy that the relationship between fields of inquiry is examined. The various theories of knowledge aim, in part, at identifying the proper relationship between the sciences and other fields of scholarly activity.

It will help to understand this issue as controversial and subject to philosophical examination. On a commonsense level it is safe to suggest that fields with differing subject matter will employ somewhat different means and methods of inquiry. Philosophy studies basic issues, whereas the sciences study special areas of reality. It makes sense then to expect important differences between the ways these fields approach their tasks. The types of arguments used to support their claims may differ considerably. These differences notwithstanding, there is a major feature that unifies the various fields of inquiry—which ought to be emphasized more often than it is. Rationality, objectivity, care, and attentiveness are of equal importance in all areas of research and inquiry. What exactly will be the most rational means of dealing with a specific topic should not be prejudged; logical consistency and clear awareness of pertinent facts and theories are crucial.

Objectivity is not always easy to achieve and maintain, yet this does not prove its impossibility.

In everyday life we understand by objectivity a quality of judgment or of attitude. Those who are prejudiced are chided because they lack objectivity; they prejudge rather than rest their beliefs on facts. In the context of such concerns, objectivity means paying attention to the relevant evidence in forming judgments, opinions, and attitudes. For example, the racially prejudiced individual lacks objectivity because in judging someone he invokes considerations that have nothing to do with the person's character. To reject someone as a moral equal because of color is to blame that person for something no one can help, namely, one's color at birth. It is generally recognized as unjust, something that comes from not taking an objective view of human beings.

Objectivity also has importance in describing the world around us: are we exaggerating, are we being comprehensive enough, do we trivialize the issue? The idea of being objective in these respects stands in contrast to the idea that descriptions are a matter of personal, subjective judgment.

From these familiar ways of being objective, it emerges that objectivity amounts to a serious regard for truth, accuracy, and relevance. To examine something, we need to sort out the evidence carefully. We must make sure that our own concerns do not lead us to inject material that is unrelated to what we are dealing with. Generally, but with many exceptions, it is assumed that people can be objective. Therefore, in courts it is a requirement for juries to make objective assessments of the guilt or innocence of defendants, to ignore comments or testimony that has no bearing on the issue. None of this is to say that objectivity is always easy to achieve and maintain. Yet, this does not prove its impossibility.

Sometimes being objective is equated with being heartless, cool, or insensitive, and it is then thought of as a negative quality. Yet this is probably a mistake when generalized. Consider the economist who approaches his research in an emotionless, methodical fashion. Simply because he does not allow his emotions to interfere with his work and focuses on the facts and techniques of his field, he would not be open to criticism—there is nothing heartless about remaining objective about his work, including the poverty, scarcity, etc. which it is his task to analyze. During the performance of his task it would not be appropriate to indulge in the display of emotions, even though we can assume that any good economist appreciates the emotions and concerns related to eliminating poverty. That is one reason for the existence of economics, even though while at work it is crucial that the scholar's emotionalism not be allowed to interfere with the objectivity needed for doing a good job.

In philosophy, as in many other fields where we seek knowledge and reliable guidance for conduct, we need to be objective. We need to be able to assess our own arguments and those offered by others, to determine whether all that is relevant to an issue has been considered in reaching a conclusion. We need to know if criticism has been handled with justice and objectivity, rather than without due regard, that is, arbitrarily or with prejudice. Depending on what is being studied in the field, we must learn how objectivity should be achieved, what will make it possible and likely, and what will make it difficult. In this respect philosophy is like the sciences again, or like the law. But it does not follow that we must employ the specific standards of objectivity used in physics or some other particular field as we assess a philosophical point of view, a philosophical argument, or a philosophical conclusion.

Scientifically oriented people sometimes criticize philosophers for not being objective, for expressing only "their own point of view," or for claming "what is true only for them." Such critics must be asked to explain what they believe philosophers should do. If they claim that philosophers are not upholding the same standards of objectivity demanded in some field of science, the criticism must be rejected; philosophy is not committed to such a task, any more than scientific creativity is committed to following the form of creativity found in literature or poetry. If philosophy were so committed, it would not be philosophy but science, which is absurd. It constitutes an obliteration of differences evident in human affairs.

Reality is a rich mixture, and coping with it rationally cannot amount to reducing it to a simple formula.

Common sense is not a very precise term. Sometimes when we call some viewpoint "commonsensical" we mean that many people hold it. Other times we mean that simple people hold it. Or it can refer to what those not specialized in some field of study believe about the subject matter at hand. In figuring out what philosophy is, it is important to consider what sort of relationship might exist between our commonsense beliefs and philosophy. Many philosophers have had something to say about this relationship.

Generally speaking, philosophers consider "common sense" to indicate the views people have of uncontroversial issues in their unreflective moments. (Sometimes philosophers call these intuitions—when they say "intuitively I would hold" or "on first intuition.") It is a matter of common sense that when you call someone on the phone, the person who answers really exists and has not been created by your mind. Common sense would have it that when people leave your sight and go on about their own business they continue to exist even if they are unseen for some time after. Common sense would have it that when a person asks for something, he really wants it. These are all commonsense beliefs. But there are even more complicated ones. We believe that TV sets cannot work as washing machines and that puppies cannot give birth to kittens. It is also common sense that playing a piano must be learned and does not simply come to us out of the blue.

Many of these beliefs, even when some turn out to be mistaken or only partly true, are central to getting along in life. Common sense is, to most of us, a sort of layman's philosophical framework. Furthermore, the traces of any philosophical position can be detected within commonsense ideas.

Yet, however important common sense is for us, we can find some of it problematic. It embodies many confusions. For example, people tend to believe both that they have control over their lives and that their backgrounds cause them to be what they are. Both beliefs are incorporated in common sense. So, if we insist on common sense as our final court of appeal, it can lead us into much confusion and even prevent experimentation and development in human knowledge. Although our common sense tells us that horses cannot give birth to rabbits, it seems that some horses did manage to bear something like donkeys. Scientists at times demonstrate problems with common sense. Reliance on common sense is challenged by the possibility of ESP, plants that respond to human attention, reincarnation, and so forth.

Philosophy never sets out to deny or affirm common sense. It must, however, start by paying it some heed. It is from the common opinions we form (quite unaware that we even form them) that we begin to wonder, to question, to try to make better sense of existence and our relationship to it. However much we might later question our commonsense ideas, they are the first step on the road to philosophizing and all other intellectual and scientific activities. In addition to starting with common sense, some philosophers try to make sure that their views mesh with it. Others attempt to provide commonsense ideas with sound backing.

Yet, considering how many commonsense ideas have been overthrown by science (e.g., the belief that lightening is caused by gods), we can ask why philosophers would be concerned at all with these beliefs. This question assemes, however, that *all* those things we take for granted in our daily lives will be explained away by scientists of the future, and such an assumption is misleading. Consider that all of the sciences start with daily experiences and commonsense beliefs. Science works from the surface to detailed knowledge of events, things, relationships, and so forth—for instance, from the objects we all deal with and know of, scientists start their investigations into the composition of such objects. The beginning for science, however, is the same as ours in philosophy—common sense. To believe that every feature of this beginning could somehow be overthrown by subsequent inquiry is to believe something that is quite impossible. If we start with some samples of what are generally recognized to be facts, our conclusions must accord to at least some degree with a few of these facts. Otherwise we would lose the beginning point of our thinking; we would, so to speak, cut off the branch that gives our work needed support. For instance, if a scientist becomes interested in the composition of some substance believed to be a metal and this prompts him to examine it in detail, he could not end up denying that the substance exists. He might conclude that what he began examining is not a metal, but he could not conclude that what he started to examine really does not exist at all. This is because his proof started with the fact that this substance exists. (A proof that ends by denying the premises with which it starts can be used only for a very limited purpose, namely, to call into question the entire argument, not to demonstrate the existence or nonexistence of anything.)

Another important consideration is the context in which scientific and commonsense claims are made. For example, when it was common sense to say that the earth is flat, "the earth" very likely meant the ground in sight of a person. The statement was quite true—and in a sense still is. Only when we remove the context of the time and situation in which that statement would very likely have been seriously made, initially, do we find trouble with it. Therefore, science may be seen as expanding the context, and the problem is not so much with common sense as with generalizations from it. Common sense is quite appropriate so long as we realize that it is always to be used without dogmatism, that it must remain open to challenge, and that there must be no undue extension into areas not examined. If we heed these cautions, we can retain confidence in the commonsense approach to reality.

There is a good deal that is objectionable about dividing the world into various compartments and claiming that all of it fits into one or the other. It encourages elitism, bad blood among otherwise decent folks, and so forth. But most of all, it is unfounded. Reality is a rich mixture, and coping with it rationally cannot amount to reducing it to a simple formula. Incidentally, there is also much more fun in diversity, should anyone be concerned with that. ◻

This article is adapted from chapter 1 of Dr. Machan's Introduction to Philosophical Inquiries *(Boston: Allyn & Bacon, 1977).*

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FOREIGN CORRESPONDENT

DARK CONTINENT OUTLOOK

Pretoria. Events in Southern Africa have been brought to the attention of the whole world. This was caused by the recent riots here, as well as by the involvement of the United States through Henry Kissinger. Everybody seems to be worried about the local situation—and not without reason. As one of the few remaining bastions against communism, the demise of South Africa will indeed be a sad day for the West. As the producer of 71 percent of the world's gold, 85 percent of its diamonds and 50 percent of its uranium, South Africa is a prime target for Soviet intervention. It is estimated that 60 percent of the United States' oil imports will be routed round the southern tip of South Africa in the very near future. And with the U.S.S.R. already entrenched in some of our neighboring countries, this fact must have at least a few Americans worried. As James Dines recently put it in one of his newsletters: "The attacks on Angola, Rhodesia and South West Africa, are skirmishes preliminary to the final assault on the mineral base and industrial power house of that rich and strategic land . . . ."

ANGOLA AND MOZAMBIQUE

These two neighboring states are now "independent." Whether the inhabitants consider such independence an advantage is an open question. In Mozambique, president Machel with his "scientific socialism" has all but ruined the country economically. Many of his former "freedom fighters" have been alienated and are on the point of rebelling against his rule. They are supported by many thousands of small farmers who have been forced into collectivized farming units.

In Angola, the civil war between the Cuban-Soviet backed MPLA and the UNITA movements is being waged unabatedly. The MPLA forces have recently started to execute all UNITA followers en masse, and thousands of the survivors are fleeing into South West Africa, where they are cared for by the Southern African forces. The world press has been strangely silent about this fact.

RHODESIA

The people, black and white, of this region are in a very unenviable position. The so-called black "leaders," Mugabe, Muzorewa, Nkomo and Sithole, are all confirmed socialists with very little understanding of elementary economic issues. They make no secret of the fact that they get their financial aid from the Soviets, and they all want majority rule. Any political system in Rhodesia, or for that matter anywhere else, which is based on the principle of one man, one vote without a substantially libertarian constitution, is doomed to failure. It will turn out like most other African "democracies"—one man, one vote, *once!* Mr. Ian Smith, Prime Minister of Rhodesia, is by no means a libertarian. But he understands that any such system will mean suicide for both blacks and whites.

SOUTH WEST AFRICA

Representatives of the ethnic groups in South West Africa are at the moment working on a system of government which will accomodate the political aspirations of all of them. At this stage the delegates are trying to construct a constitution that will determine the distribution of power, while protecting minority rights. As in the case of Mr. Smith's proposed constitution for Rhodesia, this term does not imply the protection of individual rights, but it is simply a guarantee written into the constitution, that one ethnic group will not wield more power than any other group in parliament. Parliament may still pass oppressive legislation should the representatives be in favor of such. If the present negotiations succeed, the only advantage will be that change is occurring without violence.

The South West African People's Organization (SWAPO), an outspoken pro-socialist group, representing a relative small minority of the inhabitants of South West Africa, is in the meantime waging a terrorist war in the northern part of the territory. They are also trying to persuade western pressure groups to negotiate the handover of the region to their rule. Their spokesmen do not make any secret of their socialist attitudes and they consider the constitutional talks as a farce undertaken by South African puppets. If SWAPO should come to power, civil war will be a certainty.

SOUTH AFRICA

The South African situation should be seen against the existing political system. As all libertarians should know, unlimited democracies tend towards totalitarian systems, with the rulers competing with each other to control the political machinery. As I have stressed in a previous report [December 1973], in South Africa the chickens of democracy have come home to roost. Some years ago, the whites realized that a democracy may deteriorate into a dictatorship in the "wrong" hands—especially when those hands have the wrong color to boot. They also realized that one cannot keep a people without a voice in their own affairs indefinitely. The system that was devised to "overcome" both these problems was the now infamous system of "apartheid" or, as the politicians prefer to call it, "separate development." Under "apartheid," each major black ethnic group (each with its own language and customs) was given a separate area where it would eventually develop towards self government and become a completely separate state. The blacks in the white areas were to be considered migrant workers similar to the laborers in certain European countries. To implement this policy and to prevent any dissidents from opposing it, the South African government introduced draconian security legislation. This, in turn, made it much more imperative that the vast machinery of coercion should not fall into the "wrong" hands.

For a while the majority of blacks seemed to be satisfied with their lot, but then more and more of the younger generation, living in or near the bigger cities, lost their ties with their erstwhile homelands and demanded more autonomy in the "white" areas. It is against this background that the recent riots should be seen. The younger blacks are no longer satisfied in being citizens of a faraway homeland that many of them have never seen. They want to share with the whites the riches of this country. The immediate problem is how to let them "share." Most whites, correctly in my view, are wary of any power sharing policy under our present type of democracy. That is the reason why no opposition party with such a policy has ever made the grade here. Not because the majority of the whites are bloodthirsty or "oppressive," but because they only have to look to their northern neighbors to see the results of these policies. The blacks on the other hand, are now demanding political representation in

"white areas"—hence the riots.

PROGNOSIS

Readers of this magazine may think me a racist because I seem to condone the actions of the white South African government. Far from it. I detest the harsh security laws where people are detained without trial—but I have to admit that most of these people who are eventually brought to trial have been conspiring to overthrow the existing system with violence and to replace it with a communist system. I pity those poor blacks who work for meagre wages and who live in poverty—but I have to admit reluctantly that there are quite a number of black millionaire businessmen here and that minimum wage laws and subsidized housing are aggravating the situation. I regret the fact that honest, law-abiding blacks cannot own property in or near white cities, but I realize that without this restriction separate development will fail—and with it the capitalist system in South Africa. I abhor the "petty apartheid" which is in some cases institutionalized and which is still practiced by some whites when they discriminate on the basis of color—but I have to admit that these practices are decried in a press that is the freest in Africa.

The fact is that most of the civilized Western countries (South Africa included), have democratic systems where "right" is determined by counting noses; where 51 percent of the voting population can determine the color of the clothes that the inhabitants may wear. South Africa, with one white for every five blacks, has opted for the idea of separate development to neutralize this tremendous power of the majority. Until such time that at least a few of these homelands are independent, it cannot afford to let the blacks have the franchise—cruel as it may sound. When the time comes that, say, 80 percent of the blacks are citizens of one or other homeland, I believe that the vote will be extended to the remaining blacks living in the cities. The proportion of blacks to whites will then be roughly equal.

It is clear that the outside world is not satisfied with this slow change towards an equitable society. Economic pressures from abroad have and will expedite concessions. Unfortunately the American and other foreign advisors who come here from time to time, are not always advocates of libertarianism.

What will the future bring? I feel that the West is forcing South Africa into a position where the whites will have to make more and more concessions to black demands. Within the next five to 10 years we will probably turn from a relatively capitalist system to a "socialist democracy." A meaningful libertarian opposition will not materialize for many years and by that time the harm will have been done. Our local Free Market Foundation is doing an admirable job and our monthly bulletin, "The Individualist," is enjoying a growing readership. But I am afraid we are shouting against the wind and that this tidal wave of change that is approaching us, cannot be stemmed. Oh liberty, what crimes will be committed in thy name!

Marc Swanepoel

VIEWPOINT

THE CONSPIRACY THEORY OF HISTORY REVISITED

Anytime that a hard-nosed analysis is put forth of *who* our rulers are, of how their political and economic interests interlock, it is invariably denounced by Establishment liberals and conservatives (and even by many libertarians) as a "conspiracy theory of history," "paranoid," "economic determinist," and even "Marxist." These smear labels are applied across the board, even though such realistic analyses can be, and have been, made from any and all parts of the economic spectrum, from John Birch Society to the Communist Party. The most common label is "conspiracy theorist," almost always leveled as a hostile epithet rather than adopted by the "conspiracy theorist" himself.

It is no wonder that usually these realistic analyses are spelled out by various "extremists" who are outside the Establishment consensus. For it is vital to the continued rule of the State apparatus that it have legitimacy and even sanctity in the eyes of the public, and it is vital to that sanctity that our politicians and bureaucrats be deemed to be disembodied spirits solely devoted to the "public good." Once let the cat out of the bag that these spirits are all too often grounded in the solid earth of advancing a set of economic interests through use of the State, and the basic mystique of government begins to collapse.

Let us take an easy example. Suppose we find that Congress has passed a law raising the steel tariff or imposing import quotas on steel? Surely only a moron will fail to realize that the tariff or quota was passed at the behest of lobbyists from the domestic steel industry, anxious to keep out efficient foreign competitors. No one would level a charge of "conspiracy theorist" against such a conclusion. But what the conspiracy theorist is doing is simply to extend his analysis to more complex measures of government: say, to public works projects, the establishment of the ICC, the creation of the Federal Reserve System, or the entry of the United States into a war. In each of these cases, the conspiracy theorist asks himself the question *cui bono? Who benefits* from this measure? If he finds that Measure A benefits X and Y, his next step is to

Murray N. Rothbard

investigate the hypothesis: *did* X and Y in fact lobby or exert pressure for the passage of Measure A? In short, did X and Y realize that they would benefit and act accordingly?

Far from being a paranoid or a determinist, the conspiracy analyst is a *praxeologist;* that is, he believes that

people act purposively, that they make conscious choices to employ means in order to arrive at goals. Hence, if a steel tariff is passed, he assumes that the steel industry lobbied for it; if a public works project is created, he hypothesizes that it was promoted by an alliance of construction firms and unions who enjoyed public works contracts, and bureaucrats who expanded their jobs and incomes. It is the opponents of "conspiracy" analysis who profess to believe that all events—at least in government—are random and unplanned, and that therefore people do not engage in purposive choice and planning.

There are, of course, good conspiracy analysts and bad conspiracy analysts, just as there are good and bad historians or practitioners of any discipline. The bad conspiracy analyst tends to make two kinds of mistakes, which indeed leave him open to the Establishment charge of "paranoia." First, he *stops* with the *cui bono;* if measure A benefits X and Y, he simply concludes that *therefore* X and Y were responsible. He fails to realize that this is just an hypothesis, and must be verified by finding out whether or not X and Y really did so. (Perhaps the wackiest example of this was the British journalist Douglas Reed who, seeing that the result of Hitler's policies was the destruction of Germany, concluded, without further evidence, that *therefore* Hitler was a conscious agent of external forces who deliberately set out to ruin Germany.) Secondly, the bad conspiracy analyst seems to have a compulsion to wrap up all the conspiracies, all the bad guy power blocs, into one giant conspiracy. Instead of seeing that there are several power blocs trying to gain control of government, sometimes in conflict and sometimes in alliance, he has to assume—again without evidence—that a small group of men controls them all, and only *seems* to send them into conflict.

These reflections are prompted by the almost blatant fact—so blatant as to be remarked on by the major newsweeklies—that virtually the entire top leadership of the new Carter administration, from Carter and Mondale on down, are members of the small, semi-secret Trilateral Commission, founded by David Rockefeller in 1973 to propose policies for the United States, Western Europe, and Japan, and/or members of the board of the Rockefeller Foundation. The rest are tied in with Atlanta corporate interests, and especially the Coca-Cola Company, Georgia's major corporation.

Well, how do we look at all this? Do we say that David Rockefeller's prodigious efforts on behalf of certain statist public policies are merely a reflection of unfocused altruism? Or is there pursuit of economic interest involved? Was Jimmy Carter named a member of the Trilateral Commission as soon as it was founded because Rockefeller and the others wanted to hear the wisdom of an obscure Georgia governor? Or was he plucked out of obscurity and made President by their support? Was J. Paul Austin, head of Coca-Cola, an early supporter of Jimmy Carter merely out of concern for the common good? Were all the Trilateralists and Rockefeller Foundation and Coca-Cola people chosen by Carter simply because he felt that they were the ablest possible people for the job? If so, it's a coincidence that boggles the mind. Or are there more sinister political-economic interests involved? I submit that the naifs who stubbornly refuse to examine the interplay of political and economic interest in government are tossing away an essential tool for analyzing the world in which we live.

Murray N. Rothbard is professor of economics at the Polytechnic Institute of New York and a contributing editor of REASON. His viewpoint appears in this column every third month, alternating with those of Alan Reynolds and Tibor R. Machan.

BOOKS

CASTANEDA'S JOURNEY: THE POWER AND THE ALLEGORY. By Richard DeMille. Santa Barbara: Capra Press. 1976. 205 pp. $4.95.

Reviewed by Bob Gover

Argument has raged since the appearance in the late 1960's of Carlos Castaneda's books about don Juan, a Yaqui Indian *brujo.* Are these books the result of anthropological fieldwork, or is don Juan a figment of Castaneda's imagination?

Castaneda was awarded a Ph.D. in anthropology by UCLA for his supposed fieldwork, and his books are listed by the Library of Congress as nonfiction. Moreover, thousands of readers accepted them as factual accounts, and a small army from the various *ologies* have fanned out across the planet in search of don Juanian subjects for scientific studies.

Now comes Richard DeMille's expose, assuring us the whole don Juanian phenomenon was a huge literary hoax. "All the evidence needed to prove a case of big-time fictioneering can be found in Castaneda's first three books," DeMille asserts. "The secret is to make a chronological list of events. After that, the case proves itself."

DeMille supplies that list and more, and one is left with no doubt—if indeed one had doubt to begin with—that Castaneda tricked us. Poking around in such sordid evidence as the fact that don Juan sometimes utters Indian words (*tonal* and *nagual,* for instance), DeMille discovers that Aztec is being spoken, not don Juan's native tongue, Yaqui, an entirely different language. He further points out that Castaneda tells us he scribbled his fieldnotes in Spanish, whereas a lot of American slang with no Spanish equivalents comes out of Castaneda's character's mouth.

Such literary detective work is commendable in itself, yet there is another dimension of the don Juan phenomenon that demands attention. DeMille approaches it this way: "A friend of mine asked, 'Why are you writing a book about somebody you think is a liar?' That stopped me. Why was I? Shouldn't I simply dismiss Castaneda as Weston LaBarre had dismissed him? My friend supplied the answer. Castaneda wasn't a common con man, he lied to bring us the truth."

It is DeMille's handling of this dimension that makes his book more than a simple expose and sends tentacles of implication sneaking into practically every area of information exchange. How much fiction is there in factual data? How much art in science? Science in the conjuring of art?

For those who believe the truth can be told only as scientific fact, the idea of doing make-believe fieldwork and pawning it off as anthropology is appalling. From the other end of the spectrum, for those who believe the truth is best revealed through literature and art, it's equally appalling. For

what Castaneda did was give us fiction pretending to be science. As DeMille points out, read as novels, Castaneda's books have practically no power. But when read as scientific tales, they generate terrific excitement.

It's obvious, however, that Castaneda's desire was to write something other than either anthropology or a modern *Robinson Crusoe*. And the genre he developed—let's call it the ethnographic-mystical thriller—proved just right. It's also clear that he accomplished far more by doing fiction as science than tons of actual fieldnotes have accomplished. Instead of giving us a lot of external details about a real-live shaman done in the ethnocentric language of modern science, Castaneda leaped the great divide and took us into the shamanic mind.

Instead of exploring this aspect, Castaneda's real accomplishment, DeMille takes it upon himself to "psychologize" the mind of don Juan's author, and he promptly runs into trouble. To begin with, he tells us he twice tried to personally interview Castaneda and twice was rebuffed. With such lazy legwork he would have been laughed all the way to the unemployment office had he been doing his book as a wage-earning journalist. Striking a scholarly stance, however, DeMille relies on the legwork and interviews of others, plus memories, comments, and rumors culled from Castaneda's ex-wife and acquaintances.

Out of these scraps he puts together a version of Castaneda's personal history and psyche, rendering a portrait of a kid from the hinterlands of Peru who went to the big city and made good by becoming a diligent library researcher with a small flair for fiction and a mighty talent for lying. To give his portrait style and color, DeMille comes up with such gross Freudianisms that the net result tells far more about DeMille than about Castaneda.

What DeMille's ethnocentricity blinds him to is that Castaneda came to the scientific reality from the pagan reality of his Peruvian homeland. It is these two very different belief systems that Castaneda unites in his don Juan books. The African/native American pagan belief system is such that it can accommodate, embrace, and include the belief system of Western science. Any modern witchdoctor with knowledge of modern science can tell you that the theory of relativity is one god "speaking" through science while the quantum theory is another god "speaking," and he can also tell you the relationship between these two gods. On the other hand, the basic beliefs of modern science must *exclude* those of ancient paganism. Castaneda understands this; DeMille does not.

Having interviewed over a hundred witchdoctors—Haitian Houngons, Trinidadian Shango priests, Brazilian Macumberos, Mexican brujos, American Voodooists, etc—it is my opinion that both scientists and witchdoctors hold one basic belief in common: theory precedes discovery of evidence. Science postulates a theory of the atom, evolves a graphic image of the atom, and accumulates evidence. It's not unusual these days to read in scientific journals about the atom being "observed," but no one has ever seen an atom in ordinary reality. The atom exists in the nonordinary reality of nonthings. What is really being observed are blips on screens that relate to electronic equipment that supposedly reveals atom behavior. Afro-American paganism postulates a theory of gods/spirits/archetypes as the programmers of all things. The witchdoctor "observes" his gods acting and speaking through Catholic saints, Hindu gurus, even through you and me. Neither gods nor atoms can be seen in anyone's ordinary reality of physical things, yet both theories demonstrate evidence of themselves as valid truths.

In a chapter titled "Trickster Teacher," DeMille collects tidbits of mythology about one god, but he does so to belittle Castaneda's accomplishment. But it was necessary for Castaneda to transcend the limitations of modern scientific methodology in order to bring us insight into ancient paganism, which continues to be the reality of millions in Latin America and Africa. Neither fiction nor fieldwork could have spanned the wide divide between these two realities. It was Castaneda's genius to find the right way to connect them: fiction disguised as anthropology.

That, I submit, is an important accomplishment, for in the years ahead, East, West, and Third World will be brought closer and closer by swifter travel and instantaneous communications. It will be important for Westerners to appreciate the working theories of those they have until recently called primitive, superstitious, and ignorant.

I, however, do not wish to belittle the work of either author. DeMille's systematic proof of fictioneering is a necessary addition to Castaneda's work and heightens one's appreciation of where whose truth lies. ☐

Bob Gover is the author of seven novels, the most famous: One Hundred Dollar Misunderstanding. *He is presently at work on a personal adventure into the Third World pagan reality.*

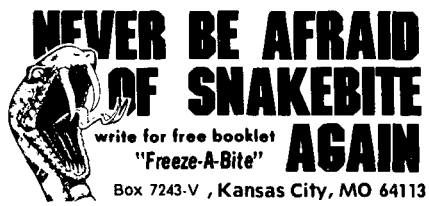
THE GROWTH OF AMERICAN GOVERNMENT: A MORPHOLOGY OF THE WELFARE STATE. By Roger A. Freeman. Stanford: Hoover Institution Press. 1975. 228 pp. $8.95/$5.95.

Reviewed by M. Bruce Johnson

It would be a shame to discourage the public and the press when they have finally recognized the trend of modern government: increasing taxes, expenditures, bureaucracy, prices, and arbitrary authority. Whether we applaud or abhor the trend, each of us must admit that the scope of government's control of our major—and increasingly, minor—personal decisions has grown considerably within our own memories.

Now comes Roger A. Freeman of the Hoover Institution to place the discussion into perspective by offering quantitative information and pointed interpretation. Freeman's book traces the growth of the public sector from the turn of the century to the early 1970's, with particular emphasis on the past 20 years. His conclusion:

> Between 1952 and 1972—contrary to what is widely believed—governmental costs climbed only moderately faster than the Gross National Product (GNP), that is



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296 versus 234 percent. But this seeming slowdown and apparent stability hide two sharply conflicting trends: a cut to less than half of the share allotted to national security and a more than doubling in the slice given over to domestic programs.

Freeman's data indicate that most of the growth in government's share of GNP occurred during the 1932-52 period; the relative growth since 1952 is accounted for by state and local governments.

His interpretations are backed up with 26 tables of data. For example, from 1952 to 1972, total government expenditures as a percentage of GNP rose from 29.6 to 36.1 percent—an annual compounded rate of one percent per year over the period. Expenditures on domestic services rose at an annual rate of 3.8 percent, and its share of GNP rose from 12.2 percent in 1952 to 25.7 percent in 1972. At the same time, the share of national defense and international relations fell from 14.3 to 7.1 percent over the period. Other categories of government expenditure, such as interest on the general debt and veterans benefits, have remained a constant fraction of GNP.

Freeman has done an impressive job in finding, coordinating, and collating in an intelligible fashion data from a wide variety of sources, not all of which are consistent, let alone complete. His interpretation of the data covers topics such as government productivity, pay, pensions, and unionization. He also discusses major components of the American tax system and the government budget. And, there is a chapter devoted to Freeman's views of our future prospects.

Freeman's comments are vigorous, pithy, and provocative; and they suggest a host of research topics. Much of the discussion of these topics is too brief and speculative. Consequently, some of Freeman's conclusions (whether one shares them or not) may be challenged as prior theory rather than empirical result. When discussing the rapid rise and fall of PPSB (Planning-Programming-Budgeting System), Freeman concludes:

> Thus, liberals soon became disillusioned and concluded that rhetoric and appeals to compassion and envy were still more effective tools to accomplish their aims than such cumbersome and insipid analyses.

On the subject of government aid to education:

> There is now ample experience to show that differences in pupils' traits cannot be offset by any amount of money. It is the children more than the schools that determine the educational outcome . . . . The program's protagonists and supporters were unwilling to accept the fact that there is a law of diminishing returns in social programs and that increased input does not yield a greater output from a certain point on—a point that was reached in most American public schools long ago.

The quantitative evidence in Freeman's tables, valuable as it is, must be assessed within the appropriate analytical framework. Has government activity been growing less rapidly than the gestalt of our contemporary experience would suggest? Freeman's data suggest so if one looks at the ratio of government expenditure to GNP. But these data measure only those resources that flow through the government's official budgets. Hence, all manner of regulatory and police-power activities governing the use of private resources appear in the private sector accounts as if they were voluntary, as opposed to coerced, activities! For example, the costs of the resources used to produce and install mandatory safety devices on automobiles are classified as private rather than as government expenditure. Similarly, the activities of EPA and OSHA are buried in Freeman's tables as private rather than government expenditure.

Freeman is probably correct when he concludes that government expenditures on domestic social problems cannot continue to grow at the rate of the past 20 years. But given that the government has increasingly circumvented the budget process via its regulatory activities, financial "shares" are less relevant. The power and authority of government extends far beyond its 36.1 percent share of 1972 GNP. Government's share of GNP may be a good index of movement toward socialism; it is a flawed measure of the trend toward fascism. ◻

M. Bruce Johnson, who has held teaching positions in economics at the University of Washington and the University of California, is currently a member of the academic staff at the University of Miami School of Law, Law and Economics Center.

LUCIFER'S LEXICON
by L. A. Rollins

Lucifer, n. The Devil's proper name, derived from the Latin meaning "Light-bearer" or "Bringer of Enlightenment." However, Lucifer has been christened "the Prince of Darkness" by the benighted.

monopoly, n. An economic monster made in the image of its creator—the State.

negativism, n. A deplorable tendency to oppose the opposite of what *I* oppose.

thief, n. A member of the species *Homo rapiens*—the man who seizes. His distinguishing characteristic is the opposable thumb, which enables him to seize the property of others.

theology, n. The ironmaiden of philosophy.

unanimity, n. Completely concealed disagreement.

utopia, n. The best of all impossible worlds.

white supremacist, n. An inferior white man.

COMING NEXT MONTH

REASON for May covers a diversity of topics. Contributing editor Henry Manne levels a blast at those arguing for a Federal takeover of corporation chartering, exposing what they are *really* after. Attorney Don Kates discusses recently-available evidence documenting the fact that gun control does *not* reduce crime. Black writer Anne Wortham returns to REASON's pages with an open letter to Nathan Glazer, author of *Affirmative Discrimination.* Beverly Combs draws some provocative parallels between the right-to-life and gun control movements. And Tibor Machan interviews philosopher Sidney Hook. All this plus a report from our correspondent in the Middle East, a review of *Are Government Organizations Immortal?* and all of REASON's regular departments and columns.

MOVIES

• **FUN WITH DICK AND JANE** is a fundamentally sick movie that has a few good moments. George Segal and Jane Fonda star as an upwardly mobile couple, living far beyond their means, who suddenly encounter financial disaster when Segal loses his engineering job with an aerospace firm. Faced with the imminent loss of their comfort and status symbols, the two descend into a life of crime, resorting first to welfare chiseling and then to armed robbery to maintain their lifestyle. This is all presented as good, clean fun, justified by the fact that everyone around them is cutting corners also. Despite the film's anti-moral context, a few of the comedy sequences work, because the quality of the writing and direction is far superior to the quality of the film's intent. Segal and Fonda rob the telephone company (to the cheers of people waiting in line to pay their phone bills); Segal attempts to hold up a drug store, but gets his gun stuck in the crotch of his pants; and for a finale, the pair crack open a safe at the aerospace company which is full of cash intended for bribes. These, according to the film's advertisements, are examples of "the imagination and ingenuity that has made American business what it is today." *Fun With Dick and Jane* is an example of how low some filmmakers will go to pander to public cynicism. Rated "PG."—**Charles F. Barr**

• **FREAKY FRIDAY**, a new film from Disney, pokes fun at the generation gap with a clever idea—having a mother and her 13-year-old daughter switch identities for a day. Jodie Foster and her mother (Barbara Harris), each envious of the other's lifestyle and wishing they were "in each other's shoes," literally get their wish as their minds suddenly switch bodies. The mother (in the daughter's body) initially has the worst of the bargain, having to cope with classmates who don't understand why she is suddenly a klutz in everything from typing to hockey. But the daughter, attempting to imitate her mother's "life of leisure," is soon overwhelmed by a balky washing machine, a snarling housekeeper, and a male chauvinist father (now husband) who expects her to prepare a buffet for 25 on three hours notice. John Astin is appropriately befuddled as the husband/father, while Ruth Buzzi and Kaye Ballard have great cameos as blood-and-guts girls' hockey coaches. Mary Rogers' screenplay, based on her book, is full of the usual Disney sight gags, including a police-vs-Volkswagen chase scene that should delight the younger kids. The movie also contains enough intelligent, ironic humor to keep the adults in the audience from becoming restive. Rated "G."—**C.F.B.**

• Barbra Streisand's latest valentine to herself is **A STAR IS BORN.** This rock-musical remake of the 1937 and 1954 versions will undoubtedly be snapped up eagerly by Barbra's legion of fans, even though in many respects she appears to be shortchanging her audience and her own talent. The plot is too thin, the character development too slow to maintain any kind of momentum during the movie's two hours and twenty minutes. Kris Kristofferson, as the self-destructive rock star who gives Barbra a boost up on his way down, actually invests more range into his thankless role than Ms. Streisand, who comes across as a hyperkinetic thrush from beginning to end. The pop songs by Paul Williams and others, and the pedestrian script by Joan Didion and John Gregory Dunne, offer no challenge to Streisand's singing or acting abilities. With a built-in sympathetic role, some agreeable songs to sing, and a proven vehicle for a storyline, Barbra Streisand seems determined to play it safe for the time being. One wonders how long her fans will continue to let her get away with it. Rated "R."—**C.F.B.**

Barbara Harris tries desperately to prepare a turkey on short notice in **FREAKY FRIDAY.**

WASHINGTON WATCH

GAS CRISIS AND POWER GRABS

Anyone who had any lingering doubts about the inherent statism of Jimmy Carter can have little doubt after the natural gas crisis brought on by the Winter of '77. Jimmy may not have known his way to the executive washroom yet, but he knew how to move his hands to the levers of increased personal power. He moved swiftly and surefootedly, this "outsider," as if he had been a Washington bureaucrat all his life.

It was a classic situation. A problem was escalated into a "crisis" by years of government price controls and regulations. Carter orchestrated the crisis with dramatic helicopter trips and expressions of grave concern. Then, instead of taking the sensible step of removing wellhead gas price controls, he moved more authority into the president's hands. Thus he could allow prices to rise to alleviate the "crisis," but that temporary crisis authority is likely to be about as temporary as that other "temporary" response to a crisis, the Federal Energy Administration.

There were other bonuses in the crisis. A civic-minded appeal to conserve gas and cut thermostats further inculcated the habit of jumping when the president tells you to. With pricing and allocation authority now more capricious and unpredictable than ever, new crises can be manufactured more quickly to justify future power grabs.

Jimmy Carter may have a great deal to learn about the subtleties of Washington power politics, but his instincts are firmly statist. We've got our work cut out for us.

OSHA BATTLE RAGES

The battle over OSHA is now being waged in the Supreme Court. With an Idaho court's decision to ban OSHA's illegal searches on Fourth Amendment grounds, the struggle has moved to the Supreme Court. There's just an outside chance that the Court will declare OSHA's *modus operandi* unconstitutional. The key may be whether the Court mandates outright abolition of the agency or gives it new life with a "reformed" concern for privacy rights.

Letters to your Congressmen supporting abolition of OSHA might be helpful right now. Alternatively there's a bill by Rep. George Hansen of Idaho to reform OSHA and cut back its arbitrary power which may have a real chance of passage, especially if it's given a little impetus by a favorable Supreme Court ruling.

The American Conservative Union (422 First St., S.E., Washington, DC 20003) is conducting a fairly aggressive anti-OSHA campaign. They are also interested in deregulation of the Civil Aeronautics Board and Interstate Commerce Commission. You can get details by writing them.

POSTAL MONOPOLY ATTACKED AGAIN

Libertarian Advocate is making an attack on the postal monopoly a major project this year, along with opposition to any new calls for a military draft and opposition to AT&T's new monopoly power grab.

Rep. Philip Crane will be introducing legislation to repeal the private express statutes and permit private carriers to deliver first class mail. Chances for passage are not overwhelming, but this is one of those issues where persistence may pay off, especially if a new postal rate hike arouses a new wave of public indignation. You might send a letter of support to Crane (House of Reps., Washington, DC 20515) as well as to your own Congressman.

COMPENSATION OF VICTIMS

A Crane proposal which may just have a chance this year is a bill to provide government compensation of legal fees to persons (primarily corporations dealing with regulatory agencies) which are proven not guilty in legal actions initiated by the government. Crane's bill, H.R. 1817, has been introduced with about 60 co-sponsors. A similar bill made pretty good progress during the last session of Congress.

This could be an important concept. Many corporations now sign consent decrees when attacked by regulatory agencies simply because the legal costs of proving their innocence are too high to justify a fight. A number of companies have undergone the whole legal rigmarole and proven themselves innocent of charges, but the legal costs have been stratospheric. If companies know that they can recover legal costs, they are more likely to stand up for that abbreviated version of their rights which the present regulatory structure still permits them.

Crane has also introduced companion legislation, H.R. 2034, which would grant the same compensation of legal costs to successful defendants in criminal cases. That could prove very interesting if passed.

THAT'S THE TICKET

Marvin (Mickey) Edwards, the new Republican Congressman from Oklahoma, is introducing legislation which would provide for Congressional salaries to fall as inflation rises. It doesn't have a snowball's chance of passage, of course, but it's a fun concept. More legislation like this would be welcome.

INTERPOL-CIA-TREASURY CONNECTION

If you want to be a little frightened, write to the General Accounting Office (Washington, DC 20548) and ask for their report on U.S. participation in INTERPOL, the international criminal police organization. INTERPOL, beloved by James Bond fans, is a *private* organization which charges countries dues for its services (the U.S. pays about a half million a year). But the U.S. government provides INTERPOL offices in the Treasury Dept. and tax-paid civil servants for U.S. operations.

INTERPOL has access to all the data banks the U.S. government keeps, but not even the limited accountability which the Freedom of Information Act and privacy statutes mandate for U.S. government agencies. The upshot is that Interpol, at the request of a Communist or military government, could get whatever the government has in its files on you, and then ask the local police to do an investigation. The information would then disappear, except for requests by the Interpol member governments. 85 percent of Interpol requests for information in the United States involve people with no criminal records or known history of criminal activity.

The GAO recommends tighter controls on release of information to Interpol. But the GAO pulls its punches. If you really want to get concerned about the forces of international fascism, write to the National Commission of Law Enforcement and Social Justice (5930 Franklin Ave., Los Angeles, CA 90028) and ask for its submissions to Rep. Edward Roybal on secret Interpol agents, the CIA-Interpol connection and documentation of lying by Interpol witnesses before Congressional committees.

A new Congressional investigation of Interpol could be fascinating.

Alan W. Bock

SPOTLIGHT

Over the past four years, quite a following has grown up around a Czech emigre who teaches at the University of Colorado. Each month, a growing number of subscribers awaits his newsletter, entitled *Access to Energy,* for the latest roasting of zealots who oppose nuclear power and a free market in energy resources.

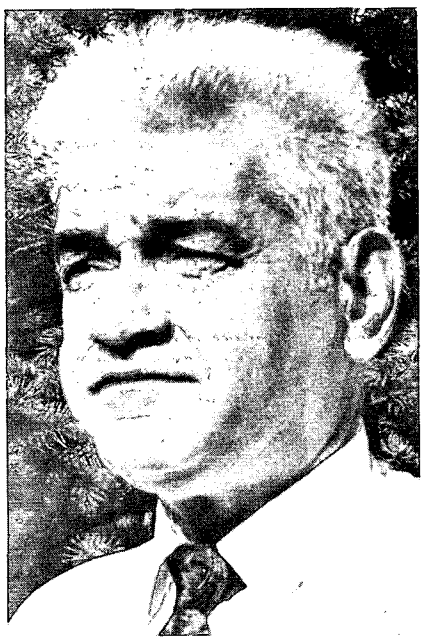
Author of the newsletter is Professor Petr Beckmann, a wide-ranging electrical engineer. Since defecting from behind the Iron Curtain in 1963, he has delighted in showing how an anticapitalist attitude blinds people to the harm done in the names of noble causes, particularly in the area of energy and the environment.

The insights of Beckmann's finely crafted writings have drawn national attention. In recent months, he has won effusive praise from four columnists, and compliments from the Mobil Oil company in a nationally-run ad. Columnist John Chamberlain says flatly that Beckmann has "blown out of the water" environmentalists who seek to stop nuclear power. John Lofton and M. Stanton Evans agree, terming his new book, *The Health Hazards of Not Going Nuclear,* (Golem Press, 1976), "must reading" and "mandatory reading" respectively.

Beckmann has been thrust into the public eye because he is perhaps the most active and articulate proponent of nuclear power in the country. As he is the first to admit, he has had little competition in this regard. The major media, he says, have virtually squelched balanced discussions of nuclear power. "There is no debate, only a monologue," he says. "There has been, and continues to be, excessive coverage of the hit-and-run tactics of Ralph Nader, whose ignorance of nuclear power is matched only by his arrogance in discussing it." Not surprisingly, his self-published *Health Hazards* book, with sales now over the 11,000 mark, is dedicated to "Ralph Nader and all those who worship the water he walks upon."

The theme of most of Beckmann's writings on nuclear power has been its relative safety. Beckmann emphasizes that there are risks associated with any form of major power generation, but that they are extremely small for nuclear as opposed to other forms of power generation, such as coal, hydropower, oil, or even solar-based techniques.

Beckmann notes that fossil fuel-burning plants produce poisons that can last forever, rather than decaying as do radioactive wastes. Coal-fired plants alone now produce each year more than 300 pounds per person of ash and other dangerous substances, much of which continues to be released in the air, where it causes thousands of deaths yearly through cancer and heart and lung disease. Conventional powerplants are far less safe than nuclear ones to work in or live near; no worker to date has died in an American nuclear commercial power plant accident. As few as the nuclear plants are, Beckmann says, they save from 800 to 4000 lives each year that would otherwise be lost in the course of generating power.



Petr Beckmann

The clear advantages to nuclear power, Beckmann says, are open to all who will look. Yet few outside the nuclear industry have done so—a truth that has underscored for Beckmann a lesson of Ayn Rand's *Atlas Shrugged.* Rather than being attacked for real flaws, Beckmann says that nuclear power is under fire because of its virtues. The prospect of cheap, inexhaustible energy supplies threatens those who are discomfited by the encroachment of the masses on their way of life. As ordinary people prosper within through the marketplace, he observes, an increasingly strong elitist reaction has set in. The assault on nuclear power is just one aspect of this new campaign against growth and technology—and reason.

Beckmann has observed the effects of the anti-capitalist mentality at first hand. Born in Prague, Czechoslovakia in 1924, he saw the effects of Nazi occupation on his country in 1939, and escaped to Britain shortly thereafter. During service with the Royal Air Force in World War II, he acquired a command of English and an interest in radar and electromagnetic wave propogation, which he studied when he returned home after the war. Beckmann rose quickly in electrical engineering and academic circles there, but grew increasingly disenchanted with communism. When the University of Colorado offered him a visiting professorship in 1963, Beckmann took the opportunity to defect. "I found out later I was sentenced to prison in absentia," he remembers. "The sentence included loss of personal property—and this is the joke—loss of my 'rights.' "

Since then, Beckmann has worked with skill and good humor toward the cause of freedom. Classifying himself on the conservative end of the libertarian spectrum, he credits Rand with having strongly influenced his philosophical outlook, although he allows for disagreement in some areas. "My long-term goal is the defense of science and technology against superstition, sham-environmentalism, the 'small is beautiful' mentality and other types of hypocrisy, which, in my view, is part of the struggle of individualism and the free enterprise system against statism of all sorts," he says. His short-term goal is to stay abreast of three full-time jobs—teaching at the university, publishing his newsletter, and managing a publishing business that operates out of his home. "The only axe I have to grind," Beckmann adds, "is the old axe of science versus superstition."

Readers are invited to nominate persons to be featured in this column. Send details to Spotlight, c/o REASON, Box 40105, Santa Barbara, CA 93103.

MONEY

CAPITALISTS, ARISE!

Over the last few years a regular feature at annual shareholders meetings (after the usual announcements of officers indicted during the preceeding year) has been the attempt by certain groups to have the shareholders adopt liberal social or political resolutions. Perennial favorites have been for the company to get out of South Africa, stop doing defense work, hire more minorities, or give its land back to the Indians. Recent resolutions have called for withdrawal of investment in Chile and disclosing foreign payoffs.

These proposals are generally defeated by substantial majorities, but the groups get their proposals put before the other shareholders (mostly at corporate expense) and force the management to take a position. The proponents view these resolutions as an educational exercise to raise the awareness of their issues and believe that this exposure is increasing the acceptance of their ideas.

Since libertarians had so much fun with a national political campaign, perhaps their contacts and organization could be carried over to corporate democracy. Why not force management to take a position on proposals with loaded libertarian language in favor of free trade and resistance to hiring quotas and government strong-arming? The whole thrust of shareholder activism has been from the leftists who have, consequently, been able to define the issues and get management's attention (and an occasional concession). It doesn't cost much to become a shareholder and get the right to attend the annual meetings. The libertarians have enough of a national organization to locate poeple who can collect proxies and conveniently attend meetings. Shareholders to the barricades! Capitalists, arise!

* * *

HERESY EXTIRPATED

I get tired of denouncing inflation (just as ministers must get tired of railing against sin) so I will just mention very quickly an interesting study, "The Welfare Cost of Inflation," from the November 1976 *Review*, published by the St. Louis Federal Reserve Bank.

It may come as a surprise to many readers, given the libertarian movement's hard line on the money question, that many economists actually have good things to say for inflation—at least for fully-anticipated inflation. Their argument goes that if everyone knows about the inflation then the unfortunate wealth and income transfers in the private sector (e.g., from creditors to debtors) will be largely eliminated by normal market processes and you will be left with the wealth transfer from the private sector to the government. Viewed in this way, inflation is seen as simply another method of public finance and the only relevant inquiry is whether it is more or less efficient than alternative means, such as taxing or borrowing. Their analysis concludes that, in given circumstances, inflation may be in fact a more desirable form of public finance and, in these instances, inflation is preferable to non-inflation.

Lest you conclude from this merely that economists know the price of everything and the value of nothing I am pleased to relate that economist John A. Tatom, in the article above-cited, examines this so-called "tax efficiency" argument for inflation and concludes, after a rather technical economic analysis, that the cost to the public (the welfare cost) so far exceeds the gain to the government that inflation cannot be justified as a tool of public finance.

Also on the subject of public finance, you will have noticed that the Internal Revenue Service has restored the foreign bank question on the Form 1040. Commissioner Donald Alexander had dropped the question in 1975 in a move many of us hoped signaled a more constructive turn in post-Watergate morality. Alas; columnist Jack Anderson, the Department of Justice, Congress, and other foes of liberty intervened and the question is back, penalties of perjury and all.

* * *

NEWS FROM THE EASTERN FRONT

When this column sees print the country should be emerging from its blanket of winter ice. Among the interesting phenomena we may anticipate may be a depressed real estate market in the northeast and upper midwest as residents vow never again to suffer through such weather, and a resulting boom in the market for homes in the southwest and California (tempered in the latter case by drought problems). The action will probably not start until spring since easterners may be afraid of freezing pipes back home if they come west to scout too early.

While we're on the weather, this might be a good time for retreaters to look for ranch land in California depressed by the drought.

This column has usually poohpoohed the economic disaster forecasters within the libertarian movement, but the recent natural gas crisis in the east, and the government's response to it, does remind us that the market system can tolerate only so much government control. Usually these controls have only put people out of work or raised prices; this time we got a glimpse of it breaking down the division of labor as poor families burned newspapers to keep warm while natural gas was kept in the ground by price controls.

The politicians, on the other hand, were in their glory, touring closed factories and ostentatiously lowering their thermostats while the T.V. cameras rolled. The stoves of Buffalo were lit by an act of Congress and in New Jersey loyal citizens obediently followed their governor's orders to shiver at 65°, lest they fear a knock at the door by the dread Heat Police (*die Hitzepolizei*).

The distress of the people is the health of the state.

Davis E. Keeler

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"Political tags—such as royalist, communist, democrat, populist, fascist, liberal, conservative, and so forth—are never basic criteria. The human race divides politically into those who want people to be controlled and those who have no such desire. The former are idealists acting from highest motives for the greatest good of the greatest number. The latter are surly curmudgeons, suspicious and lacking in altruism. But they are much more comfortable neighbors than the other sort."

—Robert Heinlein

(Time Enough for Love)

FRONTLINES

LOCKING UP PERVERTS

Sometimes you can't believe that we live in the same country with some perverts—but the headlines scream at you: "Hustler Magazine Chief Gets Prison Term." The article goes on to say, "Larry Flynt was found guilty of pandering obscenity and engaging in organized crime and immediately was sentenced to 7 to 25 years in prison and fined $11,000. The charge of engaging in organized crime stemmed from distribution of *Hustler*, alleged to be obscene and therefore illegal, in Hamilton County, Ohio. An Ohio law that took effect in January 1974 defines organized crime as a syndicate formed to commit a crime. A syndicate is defined as any group of five or more persons who collaborate to commit an offense for profit.

"A request by Flynt's attorney that sentence be suspended pending appeal was denied and the 34-year old publisher of the sex-oriented magazine was handcuffed immediately and taken to jail."

"Before being sentenced, Flynt told Judge William J. Morrissey that *Hustler* had just passed *Reader's Digest* to become the nation's 10th best-selling magazine. He said 3 million copies of the magazine are sold each month and estimated monthly readership at 15 million." The perverts in this case are the honorable members of the Ohio Legislature and the County Prosecutors in Cincinnati who believe that such a law should be enforced.

The **Newsletter on Intellectual Freedom**, published by the American Library Association Intellectual Freedom Committee, 50 East Huron Street, Chicago, IL 60611, $6.00/yr. is one of the best sources of information on this front. Last November this newsletter reported the decision of the U.S. Court of Appeals for the Sixth Circuit, which includes Ohio, that school board officials could not ban Joseph Heller's novel *Catch-22* or Kurt Vonnegut's *Cat's Cradle*. The fact that Larry Flynt's case will be appealed to this court makes it all the more outrageous that he is sitting in jail today.

The *Newsletter on Intellectual Freedom* is published bimonthly and is the size of a full magazine, filled with interesting news and notes. The issue cited above, for example, reports:

> Freedom Expression Church Raided. In a move against what the Boston police called 'one of the most unusual devices to show X-rated films,' the city's vice squad closed the Freedom Expression Church, arrested two employees, and seized a print of *Deep Throat*.
>
> "The newly chartered nonprofit organization opened in July in a room formerly occupied by a restaurant lounge. Its pastor, the Rev. Shirley Bourgeois, said the church of 200 members included in its mission the serving of free beer and the screening of *Deep Throat*. Reported in *Variety*, August 4."

This should be an interesting test of the freedom of religion under the First Amendment. Clearly only certain sects of Christians care about issues such as the splitbeaver centerfolds of *Hustler* or the whorehouse scenes of *Catch-22*. If the Freedom Expression Church wants to explore the goodness of such alternatives as *Deep Throat* will the courts protect them? On an issue such as this, the future of libertarianism may rest.

We have been told, although we don't know how to track it down, that a Judge in Arizona a few months ago dismissed a murder charge against a teenage hoodlum who had beaten a homosexual to death—on the grounds that gays don't deserve any better. While most states are repealing laws against homosexuality, the debate in the Arizona legislature is how to stiffen the punishments. This is what they do in Communist China and Cuba. We might have expected something different from such an anti-Communist bastion as the home state of Barry Goldwater—but maybe there is not so much difference between Communists and conservatives after all.

GOVERNMENT SPYING FOR FUN AND PROFIT

Did the CIA open your mail? If you would like to know, write to the *FOIA Coordinator, C.I.A., Washington, DC 20505*. If you were one of the tens of thousands of persons whose mail was copied, you just might get monetary damages under the Federal Tort Claims Act, which permits suits against the United States government—as opposed to its officers and agents who might harm you individually. The American Civil Liberties Union has filed seven lawsuits in various jurisdictions as a class action. If the class action is denied, the ACLU is attempting to locate the specific persons who may have been spied upon so that they can file as large a lawsuit as possible.

All libertarians who may be interested in this lawsuit should write to the CIA and demand "under the authority of the Freedom of Information Act" whether their mail has been opened. If it has, the CIA will not only say so, but will even send you copies of your letters. You can then submit a claim for damages to the CIA. Write to the CIA first, and if you are one of the lucky enemies of the United States, you should write to the **Legal Department, ACLU, 22 East 40th Street, New York, NY 10016.** They will send you a small packet of materials and forms which will explain the steps the ACLU will take on your behalf after your claim is rejected—as they all have been so far.

Joe Cobb

LETTERS

(continued from page 14)

archists, and be vigilant against the temptation to become a closed society of self-congratulatory party-liners. "Old timers" in libertarianism must relinquish their proprietary attitudes in order to sensitively and flexibly accommodate and use constructively the diverse ideas of newcomers and party minorities. The open forum where energetic dialoguing is strongly encouraged must be the model of libertarian policy making in order for us to consistently apply our passion for unfettered self-expression to the political sphere.

Harold Mesberg
Miami, FL

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. Letters submitted for publication in this column should be typed, double-spaced. They should be kept as brief as possible and are subject to condensation. Send letters to REASON, P.O. Box 40105, Santa Barbara, CA 93103.

publisher's notes

• **"TOKYO ROSE" UPDATE:** One of President Ford's final actions before leaving the White House in January was to pardon Iva Toguri D'Aquino, who was unjustly convicted of treason in the notorious "Tokyo Rose" case in 1949 and served 6½ years in prison. Mrs. D'Aquino was one of several women who broadcast to American troops over Japanese radio during World War II. REASON carried an important article by historian James Martin in our February 1976 Special Revisionism Issue (copies available at $1.50 each), and we had urged President Ford to pardon Mrs. D'Aquino. We're pleased that he did so.

• **REASON PATRONS:** We are pleased to report that we have received initial support for REASON's expansion efforts in response to our new REASON Patrons program. We warmly thank each of our new Patrons, whose names will be published in a future issue of REASON.

As noted in our January editorial, we are seeking a number of people to become REASON Patrons by donating $1000 to help upgrade and expand our readership. REASON's paid circulation has recently passed the 16,000 mark—an all-time high. We are striving to reach 25,000 this year, with the hope of becoming self-sustaining. We very much appreciate your support in helping REASON's voice be heard.

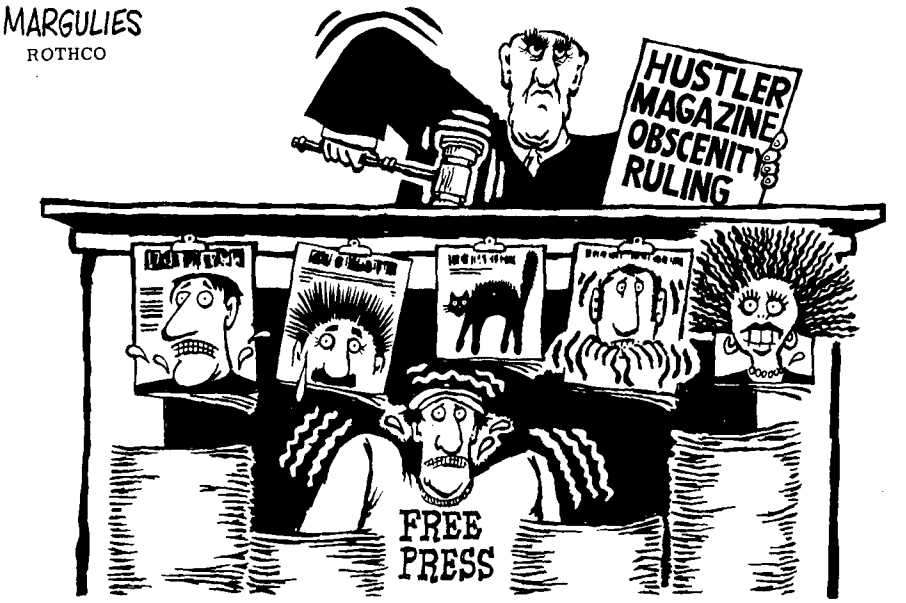
• **U.S.D. DEBATE SERIES:** The University of San Diego School of Law has announced its second annual Law and Economics Debate Series. The six timely debates began in late January and run through March 23, when U.S.D. Law Professor Bernard Siegan will debate the subject of land use regulation with Richard Lamm, Governor of Colorado. All debates are open to the public without charge, and will be held in U.S.D.'s De Sales Hall at 8:00 P.M. Further information may be obtained by calling U.S.D.'s Office of Public Information, (714) 291-6480, ext. 354.

• **LIBERTARIAN HERITAGE SERIES:** The Center for Libertarian Studies (CLS) is sponsoring a series of four Friday evening seminars devoted to a discussion of three great, historical libertarian pioneers: Benjamin R. Tucker, Richard Cobden and Auberon Herbert. The seminars are scheduled to begin at 7:30 P.M. on February 4, March 11, April 1 and May 6 at the CLS, 200 Park Ave. So., Suite 911, New York City. Reservations should be made by calling (212) 533-6600.

• **AUSTRIAN ECONOMICS SEMINAR:** The Liberty Fund is sponsoring a two-week seminar in Austrian School economics, in response to the increasing interest by economists in Austrian free-market economic theory. The seminar will be conducted by the Institute for Humane Studies (IHS) and held at Mills College in Oakland, CA from June 19 to July 2, 1977. The impressive list of faculty and guest lecturers includes such prominent Austrian economists as Murray Rothbard, F. A. Hayek, Axel Leijonhufvud, Israel Kirzner and Louis Spadaro.

The seminar is intended to provide and intensive program of reading, instruction and discussion on Austrian economic theories and is designed primarily for graduate students of economics and young college teachers. Outstanding upperlevel undergraduates may also be accepted. Attendance will be limited to 35 participants, with all expenses paid by the Liberty Fund. Scholars interested in attending may obtain further information from K. S. Templeton, Jr., IHS, 1177 University Drive, Menlo Park, CA 94025.

• **DISPELLING MYTHS ABOUT BIG BUSINESS:** Readers of REASON might be interested in keeping an eye on a rather promising TV offering from Public Broadcasting Service. PBS recently broadcast its first installment of "In Search of the Real America," a six-part monthly series "challenging negative views of American institutions and policies." The host of the program is Ben J. Wattenberg, author of *The Real America.* The first installment gave a somewhat simplistic but not totally unsatisfactory defense of big business, *without excusing any of the government's welfare programs* to various corporations, indeed commenting on such policies critically. Harvard Business School's Bruce Scott and AEI's Irving Kristol inveighed against such critics and statists as Ralph Nader, Fred Harris, and Morris Udall, although predictably no one said anything about rights and the evils of violating them. It may be valuable to keep abreast on what can now pass for acceptable support for some of the features of capitalism. One clue: Although Mr. Wattenberg evidently found it necessary to have anti-big business spokesman John Kenneth Galbraith on the program, Galbraith was allowed only about three minutes (of 30) just before the close of the show. How unlike the anti-capitalist mentality!



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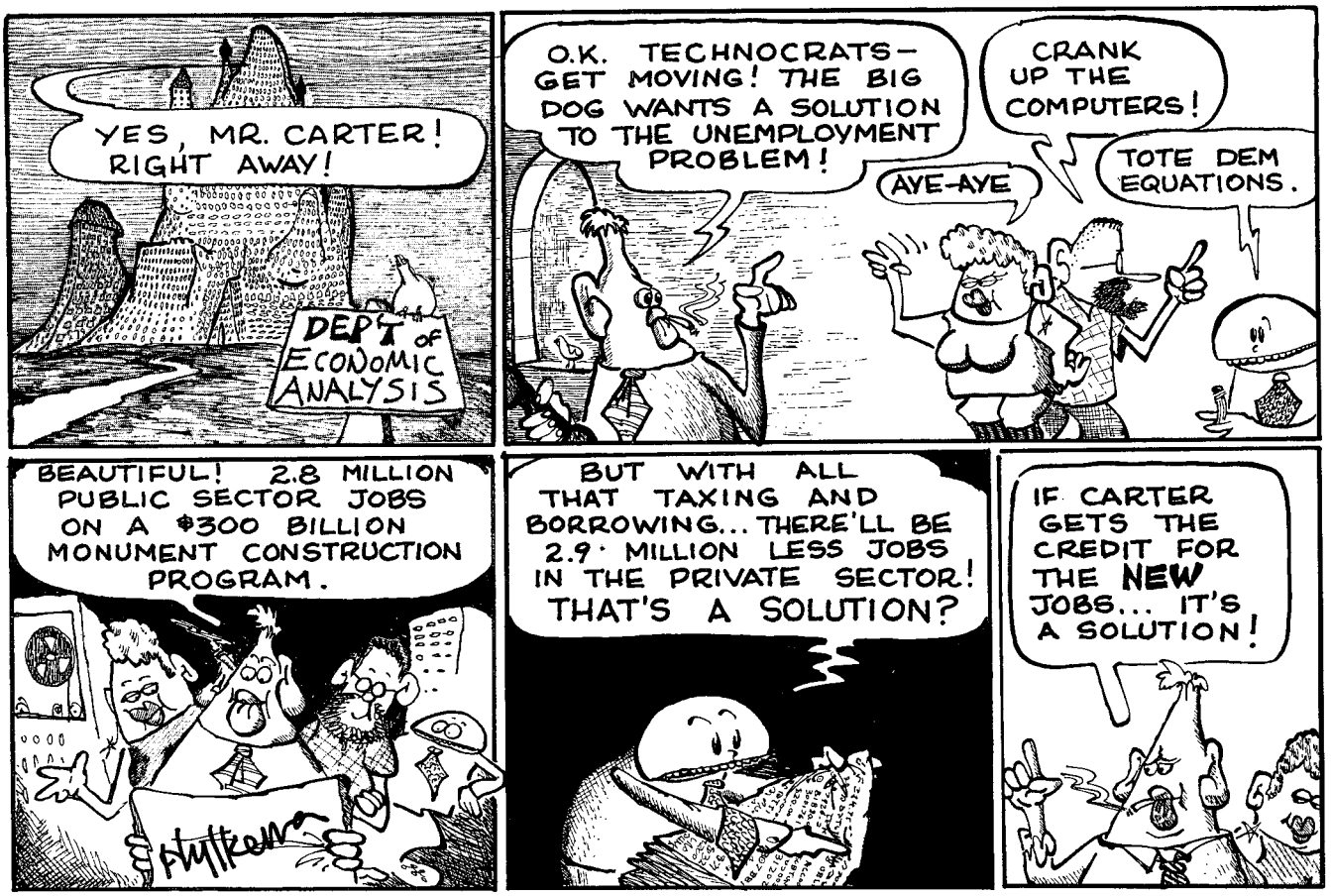
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THE CLASSIFIED AD DEADLINE FOR THE JUNE ISSUE IS APRIL 1ST.

1 Will Social Security be there when you need it?
(Or is it, as some critics say, the "greatest chain letter in history"?)

2 Are the educational "elitists" ruining our schools?
(Kids' test scores are hurting along with their manners. And worried parents want to know why.)

3 Has Russia really changed her stripes?
(She's now outpacing us on military spending by 45%!)

4 Are we being too easy on criminals?
(A concerned ex-convict says "Yes" — and that we'll all have to pay for it in a frightening crime rate.)

5 Is it true that TV news is slanted?
(Analysis of verbatim transcripts yields evidence that's hard to argue with.)

6 Are we killing the goose that lays golden eggs with high taxes on the middle class?
(There are now more people at the government "payout window" than there are workers in the private economy!)

7 Is TV violence hurting our children?
(According to one estimate, the average 15-year old has seen 13,000 people killed violently on TV.)

8 Are we going too far in hamstringing the CIA?
(There's another side to the arguments of CIA critics.)

9 Is government strangling private enterprise?
(We spend $4 billion yearly to support federal regulatory agencies. And that's just the tip of the iceberg.)

9 important questions that all Americans should think about

– and a money-saving offer from Conservative Digest

Are you concerned about questions like those above? Are you worried about things like permissiveness in the schools, pornography in the streets, TV shows that make fun of basic values? Are you uneasy about whether the U.S. is being "taken in" abroad . . . or spending itself into bankruptcy at home?

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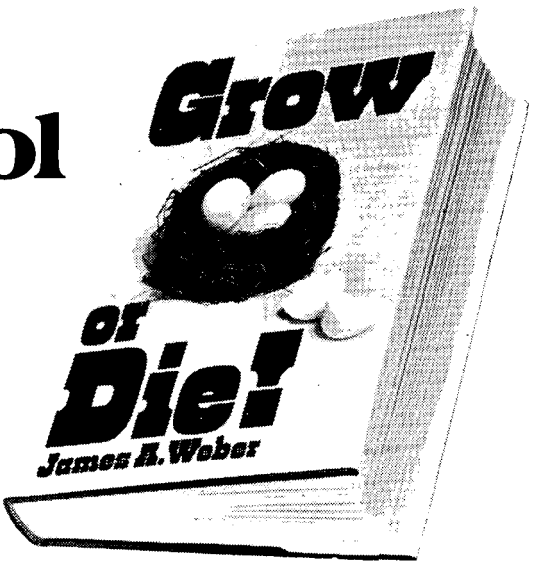
"The ideology of population control is concerned not so much with population as with control."



America's population is growing dangerously. Zero population growth (ZPG) is the only solution to pollution, economic scarcity, and social problems. Abortion, birth control, and childless marriages are pluses in the battle against population growth.

Sound familiar? It should, because this is the propaganda being forcefed to the public by a clique of dreamers, quacks, and power seekers—and their allies in the media. Not only is this nonsense, but the facts are just the opposite, says engineer and communications expert James A. Weber.

The fact is that America is *under*-populated. Our central cities actually have shrinking populations. Once prosperous farm areas in New England and the South are underutilized, or have reverted to forest. ZPG threatens the retirement income of millions, the prosperity of those still working, and the future of the young.

And what is true for America is true for the world. "Spaceship Earth" is not running out of resources. Her crew is not too big. Mankind is not doomed to die in a closed-loop, one-planet universe — provided we don't allow ourselves to be scared into stagnation by the ZPGers.

The myth of overpopulation has sinister roots, Weber shows. Advocates of abortion on demand, hedonistic sex protected by the pill, and selfish lifestyles are building the overpopulation myth to justify their own conduct and to satisfy their lust for power.

The result of six years of research, this hardhitting, documented answer to the doomsayers reopens the great debate on which our future will turn.

Scare Talk vs. Hard Facts

ZPG means inflation • Famed ZPGer calls people "cancer" • Even Malthus had doubts about Malthusianism • Uncle Sam underwrites ZPG • What Keynes had to say about population growth • "Fight Pollution—Ride a Horse"? Guess again • Are we really destroying the balance of nature? • Why environmental improvement *requires* population growth • Five ways to improve our environment • The "evils" of strip mining • What ZPG would *really* mean for the poor, the retired, the young • Madison on population growth and freedom • The newspeak of ZPG • Just how scientific are those scary population studies?

"The ideology of population control is concerned not so much with population as with *control*. The so-called population problem is simply a smoke screen that populationists use to conceal their real motive of gaining absolute control over not only the lives but the procreation of people. . . ."

* * *

"The right to live, the sanctity of human life, the right to have children, the inviolability of the family, government as servant rather than master: none of these values is sacred to the population controllers. They are just a few of the basics that the populationists consider totally expendable in their drive to achieve the power of life and death over all of us."

* * *

"There is no such thing as not growing, staying the same. Either you go up or you go down. As individual human beings, we know that somebody who stops growing as a person in effect commits suicide. The same is true for a human population that stops growing; it commits cultural suicide. In a changing world, lack of growth is not a sign of stability; it is a sign of death."

* * *

"Wherever there are people, there are problems. But this is a description of the human condition, not a prescription for population control. Lack of population growth does not eliminate problems; it just makes them worse and more difficult to solve. In free, just, and rightly ordered societies, people solve more problems than they make. More people do more things better...."

* * *

"What always turns out to be limited is not resources but the perspective and imagination of those who proclaim that resources are running out."

* * *

"What population control boils down to is a blatant and brutal attempt to solve problems not by alleviating the conditions that cause them, but by eliminating the people who have the problems. . . ."

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